

SENATE BILL 285

Q7, C8, R2

0lr0175
CF 0lr0176

By: **The President (By Request – Administration) and Senators Della, Exum, Forehand, Gladden, Harrington, Jones, King, Klausmeier, Lenett, Madaleno, Middleton, Peters, Pinsky, Pugh, and Stone**

Introduced and read first time: January 22, 2010

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Smart, Green, and Growing – The Sustainable Communities Act of 2010**

3 FOR the purpose of stating certain findings and the intent of the General Assembly
4 concerning sustainable communities; providing for the designation of certain
5 areas as sustainable communities eligible for certain programs; altering the
6 criteria to consider a sustainable community area; authorizing the Smart
7 Growth Subcabinet to designate sustainable communities and approve
8 sustainable community plans; abolishing certain boards; authorizing the
9 Secretary of Housing and Community Development to administer the
10 Community Legacy Program and to take certain actions; repealing certain
11 authority for certain political subdivisions to approve a designated
12 neighborhood for certain purposes under certain circumstances; requiring the
13 Department of Transportation to consider sustainable communities during the
14 revisions to the Consolidated Transportation Program; requiring the
15 Department of Transportation to consult with the Smart Growth Subcabinet
16 concerning sustainable communities; altering certain authority of the Secretary
17 of Transportation to designate certain facilities, structures, and uses as transit-
18 oriented development for certain purposes; authorizing the Department of
19 Transportation to exercise certain powers with respect to sustainable
20 communities; requiring the Secretary of Business and Economic Development to
21 receive a recommendation of the Smart Growth Subcabinet prior to designating
22 a BRAC Revitalization and Incentive Zone; altering the membership of the
23 Smart Growth Subcabinet; authorizing the Smart Growth Subcabinet to work
24 on sustainable communities, make certain recommendations, and certify certain
25 local jurisdictions for certain purposes; reestablishing and altering the
26 Maryland Heritage Structure Rehabilitation Tax Credit Program to be the
27 Sustainable Communities Tax Credit Program; providing a certain tax credit for
28 rehabilitation of certain properties; requiring the Director of the Maryland
29 Historical Trust to adopt certain regulations; providing limits on the amount of

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 tax credits for certain purposes; providing for an additional credit if a certain
2 rehabilitation meets a certain high performance building standard; providing
3 for the issuance of credit certificates for certain rehabilitations, subject to
4 certain requirements and limitations; providing certain limits on the amount of
5 the credit that may be claimed for certain rehabilitations; authorizing the
6 Director to charge a certain fee for certain purposes; prohibiting the Director
7 from issuing credit certificates that exceed a certain amount; prohibiting the
8 Director from issuing certain credit certificates before a certain date or after a
9 certain date; establishing the Maryland Department of Planning Sustainable
10 Communities Tax Credit Administration Fund; providing for amended tax
11 returns under certain circumstances; authorizing the allocation of the credit in
12 a certain manner; providing for certain determinations by the Comptroller;
13 providing for certain reporting requirements; providing for the recapture of the
14 credit under certain circumstances; providing for the termination of the
15 Sustainable Communities Tax Credit Program; requiring certain funds in the
16 Heritage Structure Rehabilitation Tax Credit Reserve Fund to revert to the
17 General Fund on a certain date; providing for the application of certain
18 provisions of this Act; providing for the retroactive application of a certain
19 provision of this Act; authorizing the Comptroller to make certain
20 determinations and adopt certain regulations; defining certain terms; and
21 generally relating to sustainable communities.

22 BY repealing and reenacting, with amendments,
23 Article – Economic Development
24 Section 5–1304
25 Annotated Code of Maryland
26 (2008 Volume and 2009 Supplement)

27 BY adding to
28 Article – Housing and Community Development
29 Section 6–104
30 Annotated Code of Maryland
31 (2006 Volume and 2009 Supplement)

32 BY repealing and reenacting, with amendments,
33 Article – Housing and Community Development
34 Section 6–201, 6–202, 6–204 through 6–211, 6–213, 6–301, 6–303, 6–304, and
35 6–306
36 Annotated Code of Maryland
37 (2006 Volume and 2009 Supplement)

38 BY repealing
39 Article – Housing and Community Development
40 Section 6–203, 6–212, and 6–305
41 Annotated Code of Maryland
42 (2006 Volume and 2009 Supplement)

- 1 BY adding to
2 Article – State Finance and Procurement
3 Section 5–901 through 5–911 to be under the new subtitle “Subtitle 9.
4 Sustainable Communities Tax Credit Program”
5 Annotated Code of Maryland
6 (2009 Replacement Volume)
- 7 BY repealing and reenacting, with amendments,
8 Article – State Government
9 Section 9–1406(b)(12) and (13) and (h)
10 Annotated Code of Maryland
11 (2009 Replacement Volume)
- 12 BY adding to
13 Article – State Government
14 Section 9–1406(b)(14) through(16)
15 Annotated Code of Maryland
16 (2009 Replacement Volume)
- 17 BY adding to
18 Article – Transportation
19 Section 2–701 through 2–703 to be under the new subtitle “Subtitle 7.
20 Sustainable Communities”
21 Annotated Code of Maryland
22 (2008 Replacement Volume and 2009 Supplement)
- 23 BY repealing and reenacting, with amendments,
24 Article – Transportation
25 Section 7–101(m)
26 Annotated Code of Maryland
27 (2008 Replacement Volume and 2009 Supplement)
- 28 BY repealing and reenacting, with amendments,
29 Article – Insurance
30 Section 6–105.2
31 Annotated Code of Maryland
32 (2003 Replacement Volume and 2009 Supplement)
- 33 BY repealing and reenacting, with amendments,
34 Article – Tax – General
35 Section 10–704.5
36 Annotated Code of Maryland
37 (2004 Replacement Volume and 2009 Supplement)
- 38 BY repealing and reenacting, with amendments, and transferring to the Session Laws
39 Article – State Finance and Procurement
40 Section 5A–303

1 Annotated Code of Maryland
2 (2009 Replacement Volume)

3 Preamble

4 WHEREAS, In June 2009, the Obama Administration announced a new
5 interagency partnership on sustainable communities between the Department of
6 Transportation, the Department Housing and Urban Development, and the
7 Environmental Protection Agency; and

8 WHEREAS, An early action by the federal interagency partnership announced
9 a set of Livability Principles to guide future federal investments, policy development,
10 and programs towards the creation of sustainable communities; and

11 WHEREAS, In the Obama Administration's Fiscal Year 2010 Budget
12 submission and in the current funding bills before Congress, \$150 million is provided
13 to the federal Department of Housing and Urban Development to award grants to
14 communities for more integrated regional planning and sustainability projects; and

15 WHEREAS, A number of studies, reports, and articles by organizations
16 including the Environmental Protection Agency have found that one of the keys to
17 revitalizing and maintaining the character of town centers and preserving
18 surrounding agricultural land in small and rural communities is the promotion of
19 integrated housing, historic preservation, economic, and transportation development
20 in town centers; and

21 WHEREAS, As resources, both natural and financial, become more scarce, there
22 is a need for more integrated thinking about how transportation, land use, and
23 housing programs all intersect with environmental, economic, and equity goals at the
24 State level; and

25 WHEREAS, The State of Maryland has several programs that are focused on
26 revitalizing communities and have operated independently of each other to achieve
27 similar but slightly different policy goals; and

28 WHEREAS, These revitalization programs can be better coordinated and
29 targeted to achieve investment in housing, historic preservation, economic growth, and
30 transportation development in existing neighborhoods and town centers; now,
31 therefore,

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
33 MARYLAND, That the Laws of Maryland read as follows:

34 **Article – Economic Development**

35 5–1304.

1 (a) (1) Within 60 days after a submission date, the Secretary, **AFTER**
2 **RECEIVING A RECOMMENDATION OF THE SMART GROWTH SUBCABINET**, may
3 designate one or more BRAC Revitalization and Incentive Zones from among the areas
4 described in the applications timely submitted.

5 (2) The designation of an area as a BRAC Revitalization and Incentive
6 Zone is effective for 10 years, beginning on the date the first property in the BRAC
7 Revitalization and Incentive Zone becomes a qualified property, as defined in § 2–222
8 of the Tax – Property Article.

9 (3) The Secretary may not designate more than six BRAC
10 Revitalization and Incentive Zones in a calendar year.

11 (4) A county may not receive more than two BRAC Revitalization and
12 Incentive Zones.

13 (5) The precise location and boundaries of a BRAC Revitalization and
14 Incentive Zone may be determined only on application to and approval by the
15 Secretary.

16 (b) [Before designating a BRAC Revitalization and Incentive Zone, the
17 Secretary shall consult with the following cabinet secretaries or their respective
18 designees:

19 (1) the Secretary of Transportation;

20 (2) the Secretary of Housing and Community Development;

21 (3) the Secretary of the Environment; and

22 (4) the Secretary of Planning.

23 (c)] The designation of the Secretary is final.

24 [[d)] (C) At any time, a political subdivision may reapply to the Secretary to
25 designate as a BRAC Revitalization and Incentive Zone an area that is not designated.

26 [[e)] (D) (1) This subsection applies only to a political subdivision that is
27 authorized under § 7–211.3 of the Tax – Property Article to enter into a payment in
28 lieu of tax agreement with a private developer for federal enclave property.

29 (2) The Secretary may not designate a BRAC Revitalization and
30 Incentive Zone in a county until, in the judgment of the Secretary, the political
31 subdivision has entered into good faith negotiations for a payment in lieu of tax
32 agreement with all private developers of federal enclave property.

1 **Article – Housing and Community Development**

2 **6–104.**

3 **(A) (1) THE GENERAL ASSEMBLY FINDS THAT THE STATE MUST**
4 **HAVE SUSTAINABLE COMMUNITIES IN ORDER TO:**

5 **(I) PRESERVE AND PROTECT THE STATE’S NATURAL**
6 **RESOURCES; AND**

7 **(II) ACHIEVE THE STATE’S ECONOMIC GROWTH, RESOURCE**
8 **PROTECTION, AND PLANNING POLICY IN § 5–7A–01 OF THE STATE FINANCE AND**
9 **PROCUREMENT ARTICLE.**

10 **(2) THE GENERAL ASSEMBLY FINDS THAT SUSTAINABLE**
11 **COMMUNITIES ARE PLACES WHERE PUBLIC AND PRIVATE INVESTMENTS AND**
12 **PARTNERSHIPS ACHIEVE:**

13 **(I) DEVELOPMENT OF A HEALTHY LOCAL ECONOMY;**

14 **(II) PROTECTION AND APPRECIATION OF HISTORIC AND**
15 **CULTURAL RESOURCES;**

16 **(III) A MIX OF LAND USES;**

17 **(IV) AFFORDABLE AND SUSTAINABLE HOUSING AND JOB**
18 **OPTIONS; AND**

19 **(V) GROWTH AND DEVELOPMENT PRACTICES THAT**
20 **PROTECT THE ENVIRONMENT AND CONSERVE AIR, WATER, AND ENERGY**
21 **RESOURCES, ENCOURAGE WALKABILITY AND RECREATIONAL OPPORTUNITIES,**
22 **AND, WHERE AVAILABLE, CREATE ACCESS TO TRANSIT.**

23 **(B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE**
24 **COMMUNITY LEGACY AND DESIGNATED NEIGHBORHOOD PROGRAMS:**

25 **(1) BE USED TO CREATE, ENHANCE, SUPPORT, AND REVITALIZE**
26 **SUSTAINABLE COMMUNITIES ACROSS THE STATE; AND**

27 **(2) BE COORDINATED WITH OTHER STATE PROGRAMS, SUCH AS**
28 **THE SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM ESTABLISHED UNDER**
29 **TITLE 5, SUBTITLE 9 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, IN**
30 **ORDER TO MAXIMIZE THE STATE’S INVESTMENT IN SUSTAINABLE**
31 **COMMUNITIES.**

1 6–201.

2 (a) In this subtitle the following words have the meanings indicated.

3 (b) “Application” means an application to the [Board] **SECRETARY** that
4 includes a request to:

5 (1) designate an area as a **SUSTAINABLE** community [legacy area];

6 (2) approve a **SUSTAINABLE** community [legacy] plan; or

7 (3) approve a community legacy project.

8 (c) [“Board” means the Community Legacy Board.

9 (d) [“Community development financial institution” has the meaning stated
10 in 12 U.S.C. § 4702.

11 [(e) (D) “Community development organization” means an entity that
12 meets the qualifications of § [6–204] **6–203** of this subtitle.

13 [(f) (E) “Community legacy agreement” means an agreement between the
14 Department and a sponsor to develop a **SUSTAINABLE** community [legacy] plan or to
15 implement one or more community legacy projects in a designated **SUSTAINABLE**
16 community [legacy area].

17 [(g) “Community legacy area” means the part of a priority funding area that:

18 (1) as determined by the Board, satisfies the requirements of § 6–206
19 of this subtitle; or

20 (2) has been designated as a BRAC Revitalization and Incentive Zone
21 under Title 5, Subtitle 13 of the Economic Development Article.

22 (h) “Community legacy plan” means a plan consisting of one or more
23 community legacy projects to prevent or reverse the decline of or disinvestment in a
24 community legacy area through improvements in residential, commercial, or other
25 public or private properties.]

26 [(i) (F) “Community legacy project” includes projects to:

27 (1) create, improve, or preserve housing opportunities by acquiring,
28 constructing, rehabilitating, or improving new or existing residential properties;

29 (2) demolish buildings or improvements strategically to enhance the

1 use of land;

2 (3) create, improve, or preserve commercial or mixed-use
3 development, including an appropriate combination of properties related to business,
4 housing, open-space, and institutional uses;

5 (4) develop public infrastructure that is incidental to the
6 implementation of a community legacy project, such as streets, parking, public
7 utilities, landscaping, lighting, and improvements to pedestrian and bicycle
8 circulation;

9 (5) encourage and develop cooperative ownership or control of open
10 space;

11 (6) develop or create strategies designed to increase investment in
12 existing communities, including outreach activities to attract business, capital,
13 residents, and visitors and the development and maintenance of resources directly
14 related to the development of a **SUSTAINABLE** community [legacy] plan or the
15 implementation of a community legacy project;

16 (7) engage in landbanking or otherwise acquire or improve vacant
17 buildings or unimproved land;

18 (8) provide financial assistance for neighborhood intervention projects;
19 or

20 (9) develop other plans or implement other projects as the [Board]
21 **DEPARTMENT** considers necessary to further the purposes of this subtitle.

22 [(j)] (G) “Financial assistance” includes:

23 (1) a grant;

24 (2) a loan;

25 (3) a reduction in the principal obligation of or rate of interest payable
26 on a loan or portion of a loan;

27 (4) a prepayment of interest on a subordinate or superior loan or
28 portion of a loan;

29 (5) an assurance;

30 (6) a guarantee; or

31 (7) any other form of credit enhancement.

1 **[(k)] (H)** “Landbanking” means acquiring or holding improved and
2 unimproved property:

3 (1) in anticipation of future development of the property; or

4 (2) to keep the future use of the property and improvements
5 affordable.

6 **[(l)] (I)** “Priority funding area” means an area designated as a priority
7 funding area under § 5–7B–02 of the State Finance and Procurement Article.

8 **[(m)] (J)** “Program” means the Community Legacy Program established by
9 this subtitle.

10 **(K)** “SMART GROWTH SUBCABINET” MEANS THE SUBCABINET
11 ESTABLISHED UNDER § 9–1406 OF THE STATE GOVERNMENT ARTICLE.

12 **(L)** “SUSTAINABLE COMMUNITY” MEANS THE PART OF A PRIORITY
13 FUNDING AREA THAT:

14 **(1)** AS DETERMINED BY THE SMART GROWTH SUBCABINET,
15 SATISFIES THE REQUIREMENTS OF § 6–205 OF THIS SUBTITLE;

16 **(2)** HAS BEEN DESIGNATED AS A BRAC REVITALIZATION AND
17 INCENTIVE ZONE UNDER TITLE 5, SUBTITLE 13 OF THE ECONOMIC
18 DEVELOPMENT ARTICLE; OR

19 **(3)** HAS BEEN DESIGNATED A TRANSIT-ORIENTED DEVELOPMENT
20 UNDER § 7–101 OF THE TRANSPORTATION ARTICLE.

21 **(M)** “SUSTAINABLE COMMUNITY PLAN” MEANS A PLAN CONSISTING OF
22 ONE OR MORE COMMUNITY LEGACY PROJECTS OR OTHER REVITALIZATION
23 PROJECTS TO PREVENT OR REVERSE THE DECLINE OF OR DISINVESTMENT IN A
24 SUSTAINABLE COMMUNITY THROUGH IMPROVEMENTS IN RESIDENTIAL,
25 COMMERCIAL, OR OTHER PUBLIC OR PRIVATE PROPERTIES.

26 6–202.

27 (a) There is a Community Legacy Program.

28 (b) The Department [and the Board] shall administer the Program.

29 (c) The purposes of the Program are to:

1 (1) preserve existing communities as desirable places to live and
2 conduct business to reduce outward pressure for sprawl development; and

3 (2) provide financial assistance to sponsors or their designees to
4 develop SUSTAINABLE community [legacy] plans or community legacy projects.

5 (d) The Program shall encourage partnerships among the federal
6 government, the State government, political subdivisions, and community
7 development organizations to develop and implement SUSTAINABLE community
8 [legacy] plans and community legacy projects.

9 (e) A SUSTAINABLE community [legacy] plan or a community legacy project
10 may be sponsored by a political subdivision, a group of political subdivisions, a
11 community development organization, or a community development financial
12 institution.

13 [6–203.

14 (a) There is a Community Legacy Board.

15 (b) The Board consists of the following five members:

16 (1) the Secretary of Housing and Community Development;

17 (2) the Secretary of Natural Resources;

18 (3) the Secretary of Planning;

19 (4) the Secretary of Transportation; and

20 (5) the Governor’s Special Secretary for Smart Growth.

21 (c) The Secretary of Housing and Community Development is the chair of
22 the Board.

23 (d) The Department shall provide staff to the Board.

24 (e) The Board may:

25 (1) exercise all powers necessary to carry out this subtitle; and

26 (2) recommend to the Secretary the adoption of regulations.]

27 [6–204.] 6–203.

1 A corporation, foundation, or other legal entity qualifies as a community
2 development organization if:

3 (1) its purpose is to improve the physical, economic, or social
4 environment of the area where it operates; and

5 (2) no part of its net earnings inures to the benefit of a private
6 shareholder or individual holding an interest in that entity.

7 ~~[6-205.] 6-204.~~

8 (a) A sponsor may file one or more applications in accordance with the
9 schedules that the ~~[Board]~~ **DEPARTMENT** establishes.

10 (b) An application shall set forth:

11 (1) a description of one or more ~~[community legacy areas]~~
12 **SUSTAINABLE COMMUNITIES** where the sponsor proposes to develop a
13 **SUSTAINABLE** community ~~[legacy]~~ plan or to carry out a community legacy project
14 using the standards listed in § ~~[6-206]~~ **6-205** of this subtitle;

15 (2) a detailed description of the proposed **SUSTAINABLE** community
16 ~~[legacy]~~ plan or proposed community legacy project;

17 (3) the amount and type of financial assistance sought;

18 (4) the ability of the sponsor to carry out the proposed **SUSTAINABLE**
19 community ~~[legacy]~~ plan or community legacy project;

20 (5) the strength and quality of partnerships created among the federal
21 government, the State government, political subdivisions, community development
22 organizations, and other private organizations to develop the **SUSTAINABLE**
23 community ~~[legacy]~~ plan or carry out the community legacy project, including:

24 (i) financial support;

25 (ii) dedication of staff and resources; and

26 (iii) commitment to and development of local smart growth
27 policies;

28 (6) proposed benchmarks for evaluating whether the proposed
29 **SUSTAINABLE** community ~~[legacy]~~ plan or community legacy project results in a
30 desired outcome for a proposed **SUSTAINABLE** community ~~[legacy area]~~, such as:

31 (i) stabilizing it;

1 (ii) reversing its social, economic, or physical decline; or

2 (iii) encouraging growth in it; and

3 (7) the process used to seek and receive public input on the proposed
4 **SUSTAINABLE** community [legacy] plan or community legacy project, including the
5 nature and extent of public support or opposition.

6 (c) [Except as provided in subsection (d) of this section, a community legacy
7 plan or a community legacy project does not take effect until its sponsor has submitted
8 to the Board an application for its approval and the Board has approved it] **THE**
9 **SMART GROWTH SUBCABINET, ON THE RECOMMENDATION OF THE SECRETARY,**
10 **MAY DESIGNATE AN AREA AS A SUSTAINABLE COMMUNITY OR MAY APPROVE A**
11 **SUSTAINABLE COMMUNITY PLAN.**

12 [(d) The Secretary may approve a community legacy project without the
13 approval of the Board in the case of an emergency or when the project requires urgent
14 approval if the project is funded from the reserve established under § 6–213(h) of this
15 subtitle.]

16 [6–206.] **6–205.**

17 (A) The [Board] **SMART GROWTH SUBCABINET** may designate an area as a
18 **SUSTAINABLE** community [legacy area] if the sponsor demonstrates that past and
19 current trends in homeownership, property values, commercial and residential
20 vacancy, and business or housing investment show a need for reinvestment in the area
21 and if:

22 (1) entities in the community, such as **LOCAL GOVERNMENTS,**
23 employers, educational institutions, civic organizations, community organizations, or
24 cultural organizations, support the proposed **SUSTAINABLE** community [legacy] plan
25 [or community legacy project] and have pledged resources to develop or implement it;

26 (2) the proposed **SUSTAINABLE** community [legacy] plan [or
27 community legacy project] addresses the need for reinvestment in the area and will
28 enhance the area, and give individuals of different incomes a range of housing options,
29 employment opportunities, and other amenities;

30 (3) a community in the proposed area is culturally or historically
31 significant;

32 (4) the proposed area is near a town center or a transportation center;
33 [or]

1 (5) the proposed SUSTAINABLE community [legacy] plan [or
2 community legacy project] is consistent with and complements other existing or
3 proposed projects for housing, commercial or community development, education,
4 historic preservation, neighborhood revitalization, transportation, or other things
5 significant to the comprehensive enhancement of the community;

6 **(6) THERE IS A DEMONSTRATED NEED FOR FINANCING**
7 **ASSISTANCE FOR SMALL BUSINESSES, NONPROFIT ORGANIZATIONS, OR**
8 **MICROENTERPRISES; OR**

9 **(7) OTHER STANDARDS THAT THE DEPARTMENT CONSIDERS**
10 **RELEVANT AS SET FORTH IN REGULATIONS, INCLUDING STANDARDS**
11 **ESTABLISHED FOR OTHER STATE OR FEDERAL PROGRAMS.**

12 **(B) (1) TO MAINTAIN A SUSTAINABLE COMMUNITY DESIGNATION,**
13 **EVERY 5 YEARS A SPONSOR SHALL FILE AN UPDATED PLAN AND APPLICATION**
14 **FOR APPROVAL BY THE SMART GROWTH SUBCABINET UNDER § 6-204 OF THIS**
15 **SUBTITLE.**

16 **(2) THE SMART GROWTH SUBCABINET MAY REDESIGNATE AN**
17 **AREA AS A SUSTAINABLE COMMUNITY TAKING INTO CONSIDERATION THE**
18 **FACTORS IN SUBSECTION (A) OF THIS SECTION.**

19 **[6-207.] 6-206.**

20 (a) The [Board] DEPARTMENT shall:

21 (1) review each application and may request more information from
22 the sponsor;

23 (2) accept public input on each application;

24 (3) submit each application to appropriate State units and
25 **APPROPRIATE MEMBERS OF THE SMART GROWTH SUBCABINET;**

26 (4) consider any recommendation a State unit **OR MEMBER OF THE**
27 **SMART GROWTH SUBCABINET** makes;

28 **[(4)] (5)** consider geographic balance when reviewing applications;
29 **AND**

30 **[(5)] (6)** give priority in awarding financial assistance to applicants
31 that are likely to repay the financial assistance to a community development financial
32 institution or to the Community Legacy Financial Assistance Fund[; and

1 (6) refer to the Secretary each application that it approves].

2 (b) (1) The [Board] **DEPARTMENT** may not approve an application unless
3 the political subdivision in which the proposed project is located approves the
4 application by resolution.

5 (2) If an application affects a **SUSTAINABLE** community [legacy area]
6 entirely within a municipal corporation, the approval must come from the municipal
7 corporation rather than the surrounding county.

8 (3) If an application affects a **SUSTAINABLE** community [legacy area]
9 within more than one political subdivision, each political subdivision must approve it
10 by resolution.

11 (c) The Secretary shall award financial assistance to a sponsor or a sponsor's
12 designee:

13 (1) in the amount and of the type that the [Board] **SECRETARY**
14 determines; and

15 (2) under the terms of a community legacy agreement.

16 **[6-208.] 6-207.**

17 (a) The Department and the sponsor shall execute a community legacy
18 agreement.

19 (b) The sponsor shall comply with the terms of the community legacy
20 agreement and any regulations the Department adopts to carry out this subtitle.

21 (c) Not more than 15% of the total financial assistance that the Program
22 provides may be used for noncapital expenditures.

23 (d) The Department may exercise any remedy provided under the community
24 legacy agreement or by law if a sponsor:

25 (1) violates any provision of the community legacy agreement; or

26 (2) ceases to meet the requirements of this subtitle.

27 **[6-209.] 6-208.**

28 (a) Subject to this section, the Department has the powers necessary or
29 desirable to implement the Program.

1 (b) (1) The Department may determine the terms and conditions for
2 financial assistance awarded under § [6-207(c)] **6-206(C)** of this subtitle.

3 (2) Financial assistance may be secured by a mortgage, lien, or
4 security interest that is superior to or subordinate to other mortgages, liens, or
5 security interests.

6 (3) The Department may establish time limits for the use of financial
7 assistance.

8 (c) (1) The Department may enforce the terms and conditions of the
9 financial assistance given under this subtitle.

10 (2) Notwithstanding any other law, if a loan or grant is secured by a
11 first or subordinate mortgage or other lien, the Department may:

12 (i) begin an action to protect or enforce any right given by law,
13 a contract, or other agreement;

14 (ii) foreclose on property;

15 (iii) purchase property at any foreclosure or other sale, or
16 acquire or take possession of the property through conveyance in lieu of foreclosure or
17 otherwise, and convey property after acquiring it;

18 (iv) settle or compromise any debt or obligation owed to the
19 Department;

20 (v) pay the principal of and interest on any obligation incurred
21 in connection with the property, and dispose of or otherwise deal with the property to
22 protect the interests of the Program; or

23 (vi) release or sell any mortgage, obligation, or property that the
24 Department holds at public or private sale, with or without public bidding.

25 (d) (1) The Department may contract with any person, including a private
26 property manager, mortgage servicer, architect, engineer, or other property
27 consultant, or with any governmental unit, for property or services necessary to
28 operate the Program or to implement community legacy projects.

29 (2) The Department may make agreements with other governmental
30 units to establish partnerships to carry out the Program.

31 (3) The Department may contract for and accept any grant,
32 contribution, or loan of money, property, or other aid from the federal government and
33 may do all things consistent with this subtitle to qualify for the aid or participate in or
34 administer a federal program.

1 (e) In connection with loans that it makes, the Department may:

2 (1) require and obtain appraisals, credit information, and other
3 pertinent information; and

4 (2) charge interest.

5 (f) When it is consistent with the best interests of the State to do so, the
6 Department may consent to the modification of any provision of any loan or other
7 financial assistance.

8 **[6-210.] 6-209.**

9 (a) The purposes of a neighborhood intervention project are to provide
10 financial assistance for:

11 (1) buying properties that need rehabilitation and redeveloping the
12 properties through rehabilitation, demolition, reconstruction, or re-use; or

13 (2) demolishing property improvements and preparing property for
14 revitalization, redevelopment, or re-use.

15 (b) To be eligible for financial assistance for a neighborhood intervention
16 project, an applicant shall be:

17 (1) a political subdivision; or

18 (2) a community development finance institution.

19 (c) To be eligible for financial assistance, the applicant must provide
20 evidence at the time of application that:

21 (1) the applicant has a legal interest in the property through:

22 (i) ownership of the property;

23 (ii) a contract, option, or other legal right to acquire the
24 property; or

25 (iii) the right to demolish the improvements on the property;

26 (2) the applicant intends to revitalize, redevelop, sell, or re-use the
27 property as part of a redevelopment strategy for the property or a redevelopment plan;

1 (3) the applicant has complied with the requirements of §§ 5A-325
2 and 5A-326 of the State Finance and Procurement Article and § 13-1112(b) of the
3 Financial Institutions Article;

4 (4) the financial assistance from the Program is the least amount
5 necessary to complete the project; and

6 (5) the project meets any other condition that the [Board]
7 **DEPARTMENT** may require under this subtitle.

8 (d) Unless waived by [the Board or] the Secretary [acting under subsection
9 (f) of this section], a neighborhood intervention project shall meet the additional
10 following requirements:

11 (1) the project shall be located in a **SUSTAINABLE** community [legacy
12 area] and be a part of a **SUSTAINABLE** community [legacy] plan in accordance with §§
13 [6-205(b)(1) and 6-206] **6-204(B)(1) AND 6-205** of this subtitle; and

14 (2) for a project under subsection (a)(2) of this section, the applicant
15 shall agree to repay the financial assistance to the Community Legacy Financial
16 Assistance Fund, up to the amount the applicant receives from:

17 (i) the net proceeds of the sale of the property on which the
18 demolition took place; or

19 (ii) any payment to the applicant relating to the property,
20 including any payment for the costs of demolishing the improvements on the property.

21 (e) (1) The [Board] **SECRETARY** may not allocate annually more than
22 15% of the Community Legacy Financial Assistance Fund to neighborhood
23 intervention projects.

24 (2) The [Board] **SECRETARY** may not award more than \$500,000 for
25 any neighborhood intervention project.

26 (3) The restrictions in paragraphs (1) and (2) of this subsection do not
27 apply to projects approved by the Secretary [under subsection (f) of this section.

28 (f) The Secretary may approve a neighborhood intervention project without
29 the approval of the Board] in the case of an emergency or when the project requires
30 urgent approval if the project is funded from the reserve established under
31 § [6-213(h)] **6-211(H)** of this subtitle.

32 [6-211.] **6-210.**

1 (a) The sponsor shall submit to the [Board] DEPARTMENT quarterly
2 progress reports on the development of a SUSTAINABLE community [legacy] plan or
3 the implementation of a community legacy project.

4 (b) (1) The [Board] DEPARTMENT shall submit an annual report to the
5 Governor and, subject to § 2-1246 of the State Government Article, to the General
6 Assembly on or before each October 31.

7 (2) The report shall include:

8 (i) the financial status of the Program for the preceding fiscal
9 year, including the amount and type of financial assistance encumbered and
10 disbursed;

11 (ii) the number of applications received;

12 (iii) the number and location of [community legacy areas]
13 SUSTAINABLE COMMUNITIES designated; and

14 (iv) a summary of the quarterly reports submitted by sponsors
15 under subsection (a) of this section.

16 [6-212.

17 (a) There is an Advisory Committee to the Board.

18 (b) The Committee shall:

19 (1) make recommendations to the Board concerning community legacy
20 areas, community legacy plans, and community legacy projects; and

21 (2) consider the matters that the Board requests.

22 (c) (1) The Committee consists of the following 11 members appointed by
23 the Governor:

24 (i) one member to represent the Department of Business and
25 Economic Development;

26 (ii) one member to represent the Governor's Office of Crime
27 Control and Prevention;

28 (iii) one member to represent the Department of General
29 Services;

1 (iv) one member to represent the State Economic Growth,
2 Resource Protection, and Planning Commission; and

3 (v) seven members with experience and expertise in community
4 development and preservation.

5 (2) Members with experience and expertise in community
6 development and preservation may include representatives of political subdivisions,
7 advocacy organizations, the business community, and the public.

8 (d) To the extent possible, the members shall reflect the geographic and
9 ethnic diversity of the State.

10 (e) (1) The term of a member is 3 years.

11 (2) A member may not serve more than two terms consecutively.

12 (3) The terms of the members are staggered as required by the terms
13 provided for members of the Committee on October 1, 2005.

14 (4) At the end of a term, a member continues to serve until a successor
15 is appointed.

16 (5) A member who is appointed after a term has begun serves only for
17 the rest of the term and until a successor is appointed.

18 (f) A member:

19 (1) may not receive compensation as a member of the Committee; but

20 (2) is entitled to reimbursement for expenses under the Standard
21 State Travel Regulations as provided in the State budget.

22 (g) The Governor shall designate a chair from among the members of the
23 Committee.

24 (h) The Department shall provide staff to the Committee.]

25 **[6-213.] 6-211.**

26 (a) In this section, "Fund" means the Community Legacy Financial
27 Assistance Fund.

28 (b) There is a Community Legacy Financial Assistance Fund.

29 (c) The Fund shall be used to carry out this subtitle.

1 (d) (1) The Secretary shall administer the Fund in accordance with [the
2 recommendations of the Board] **THIS SUBTITLE.**

3 (2) The State Treasurer shall hold and the Comptroller shall account
4 for the Fund.

5 (e) The Fund is a continuing, nonlapsing special fund that is not subject to §
6 7–302 of the State Finance and Procurement Article.

7 (f) The Fund consists of:

8 (1) money appropriated in the State budget to the Fund;

9 (2) earnings from the investment of money in the Fund;

10 (3) repayments and prepayments of financial assistance provided by
11 the Program; and

12 (4) any other money accepted for the benefit of the Fund from any
13 governmental or private source.

14 (g) Notwithstanding any other law, the State Treasurer may invest money in
15 the Fund in the same way as money is invested by the State Retirement and Pension
16 System.

17 (h) In any fiscal year, the Secretary may hold up to 10% of the money in the
18 Fund in reserve for emergency use or urgent projects in accordance with this subtitle.

19 6–301.

20 (a) In this subtitle the following words have the meanings indicated.

21 [(b) “Designated neighborhood” means:

22 (1) an area approved as a designated neighborhood under § 6–305 of
23 this subtitle; or

24 (2) an area located in a priority funding area and designated as a
25 BRAC Revitalization and Incentive Zone under Title 5, Subtitle 13 of the Economic
26 Development Article.]

27 [(c)] **(B)** (1) “Development costs” means the costs incurred to construct
28 or rehabilitate a neighborhood business development project.

29 (2) “Development costs” includes the costs of:

30 (i) necessary studies, surveys, plans, and specifications;

1 (ii) architectural, engineering, or other special services,
2 including flood plain studies, environmental audits, and critical area or wetland
3 assessments;

4 (iii) land and improvements;

5 (iv) site preparation;

6 (v) construction, reconstruction, and rehabilitation;

7 (vi) machinery, equipment, and furnishings;

8 (vii) essential start-up operating costs, including working capital
9 and initial occupancy expenses;

10 (viii) indemnity and surety bonds and premiums on insurance;

11 (ix) temporary relocation expenses; and

12 (x) other necessary fees.

13 [(d)] (C) “Fund” means the Neighborhood Business Development Fund.

14 [(e)] (D) “Microenterprise” means a business with not more than five
15 employees that:

16 (1) requires not more than \$35,000 in total start-up capital; and

17 (2) does not have access to the traditional commercial banking sector.

18 [(f)] (E) “Program” means the Neighborhood Business Development
19 Program.

20 [(g)] (F) “Project” means a neighborhood business development project that
21 receives financial assistance from the Fund.

22 [(h)] (G) “Small business” means a business that qualifies as a small
23 business under § 6-302 of this subtitle.

24 (H) “SUSTAINABLE COMMUNITY” MEANS THE PART OF A PRIORITY
25 FUNDING AREA THAT:

26 (1) AS DETERMINED BY THE SMART GROWTH SUBCABINET,
27 SATISFIES THE REQUIREMENTS OF § 6-205 OF THIS TITLE;

1 **(2) HAS BEEN DESIGNATED AS A BRAC REVITALIZATION AND**
2 **INCENTIVE ZONE UNDER TITLE 5, SUBTITLE 13 OF THE ECONOMIC**
3 **DEVELOPMENT ARTICLE; OR**

4 **(3) HAS BEEN DESIGNATED A TRANSIT-ORIENTED DEVELOPMENT**
5 **UNDER § 7-101 OF THE TRANSPORTATION ARTICLE.**

6 6-303.

7 (a) There is a Neighborhood Business Development Program.

8 (b) The purposes of the Program are, in [designated neighborhoods]
9 **SUSTAINABLE COMMUNITIES**, to:

10 (1) help develop, redevelop, or expand small businesses and
11 microenterprises;

12 (2) stimulate investment by the private sector;

13 (3) invest in revitalization projects for small businesses and
14 microenterprises; and

15 (4) stimulate political subdivisions to participate in developing and
16 expanding small businesses and microenterprises.

17 (c) The Program includes:

18 (1) the Business Development Program; and

19 (2) the Capital Access Program.

20 6-304.

21 (a) There is a Business Development Program in the Neighborhood Business
22 Development Program.

23 (b) The Business Development Program shall provide financial assistance to
24 projects in [designated neighborhoods] **SUSTAINABLE COMMUNITIES**.

25 [6-305.

26 With the concurrence of the Secretary, a political subdivision may approve a
27 designated neighborhood after considering:

28 (1) the availability, cost, and condition of business facilities;

- 1 (2) the age and number of abandoned structures;
- 2 (3) the age and number of substandard structures;
- 3 (4) the income of residents relative to State or regional median
4 incomes, including the number of welfare recipients;
- 5 (5) the extent of unemployment and the availability of jobs for
6 residents;
- 7 (6) the need for financing for small businesses, nonprofit
8 organizations, or microenterprises to upgrade social and economic conditions;
- 9 (7) the development or redevelopment strategy of the political
10 subdivision for the area and any plans, or financial commitment to undertake
11 improvements there; and
- 12 (8) other standards that the Department considers relevant as set
13 forth in regulations, including standards established for other State or federal
14 programs.]

15 6–306.

16 (a) (1) A small business, nonprofit organization, or microenterprise may
17 apply for financial assistance under the Business Development Program.

18 (2) The Department shall review each application.

19 (b) An applicant may qualify for financial assistance for a project in a
20 [designated neighborhood] **SUSTAINABLE COMMUNITY** if the application
21 demonstrates that:

22 (1) the project has significant commitments for financing from other
23 private and nonState public sources that are sufficient to complete the project with the
24 money from the Fund;

25 (2) the financial assistance from the Fund is the minimum amount
26 necessary to make the project financially feasible;

27 (3) the project is ready to proceed when it receives financial assistance
28 from the Business Development Program; and

29 (4) the political subdivision has adopted a resolution, or its authorized
30 designee has delivered a letter to the Business Development Program, that expresses
31 support for the project.

1 (c) Financial assistance under the Business Development Program may be
2 provided to a small business, nonprofit organization, or microenterprise as:

3 (1) a grant;

4 (2) a loan;

5 (3) a reduction in the principal obligation of or interest rate on a loan
6 or portion of a loan;

7 (4) a prepayment of interest on a subordinate or superior loan or
8 portion of a loan;

9 (5) an assurance;

10 (6) a guarantee; or

11 (7) any other form of credit enhancement.

12 **Article – State Finance and Procurement**

13 **SUBTITLE 9. SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM.**

14 **5-901.**

15 **(A) (1) THE GENERAL ASSEMBLY FINDS THAT THE STATE MUST**
16 **HAVE SUSTAINABLE COMMUNITIES IN ORDER TO:**

17 **(I) PRESERVE AND PROTECT THE STATE'S NATURAL**
18 **RESOURCES; AND**

19 **(II) ACHIEVE THE STATE'S ECONOMIC GROWTH, RESOURCE**
20 **PROTECTION, AND PLANNING POLICY IN § 5-7A-01 OF THIS TITLE.**

21 **(2) THE GENERAL ASSEMBLY FINDS THAT SUSTAINABLE**
22 **COMMUNITIES ARE PLACES WHERE PUBLIC AND PRIVATE INVESTMENTS AND**
23 **PARTNERSHIPS ACHIEVE:**

24 **(I) DEVELOPMENT OF A HEALTHY LOCAL ECONOMY;**

25 **(II) PROTECTION AND APPRECIATION OF HISTORIC AND**
26 **CULTURAL RESOURCES;**

27 **(III) A MIX OF LAND USES;**

1 (IV) AFFORDABLE AND SUSTAINABLE HOUSING AND JOB
2 OPTIONS; AND

3 (V) GROWTH AND DEVELOPMENT PRACTICES THAT
4 PROTECT THE ENVIRONMENT AND CONSERVE AIR, WATER, AND ENERGY
5 RESOURCES, ENCOURAGE WALKABILITY AND RECREATIONAL OPPORTUNITIES,
6 AND WHERE AVAILABLE, CREATE ACCESS TO TRANSIT.

7 (B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE
8 SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM:

9 (1) BE USED TO CREATE, ENHANCE, SUPPORT, AND REVITALIZE
10 SUSTAINABLE COMMUNITIES ACROSS THE STATE; AND

11 (2) BE COORDINATED WITH OTHER STATE PROGRAMS, SUCH AS
12 THE COMMUNITY LEGACY AND NEIGHBORHOOD BUSINESS DEVELOPMENT
13 PROGRAMS ESTABLISHED UNDER TITLE 6 OF THE HOUSING AND COMMUNITY
14 DEVELOPMENT ARTICLE, IN ORDER TO MAXIMIZE THE STATE'S INVESTMENT IN
15 SUSTAINABLE COMMUNITIES.

16 **5-902.**

17 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

19 (B) "BUSINESS ENTITY" MEANS:

20 (1) A PERSON CONDUCTING OR OPERATING A TRADE OR
21 BUSINESS IN THE STATE; OR

22 (2) AN ORGANIZATION OPERATING IN MARYLAND THAT IS
23 EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE
24 CODE.

25 (C) "CERTIFIED HERITAGE AREA" HAS THE MEANING STATED IN §
26 13-1101 OF THE FINANCIAL INSTITUTIONS ARTICLE.

27 (D) (1) "CERTIFIED HISTORIC STRUCTURE" MEANS A STRUCTURE
28 THAT IS LOCATED IN THE STATE AND IS:

29 (I) LISTED IN THE NATIONAL REGISTER OF HISTORIC
30 PLACES;

1 **(II) DESIGNATED AS A HISTORIC PROPERTY UNDER LOCAL**
2 **LAW AND DETERMINED BY THE DIRECTOR TO BE ELIGIBLE FOR LISTING ON THE**
3 **NATIONAL REGISTER OF HISTORIC PLACES;**

4 **(III) 1. LOCATED IN A HISTORIC DISTRICT LISTED ON THE**
5 **NATIONAL REGISTER OF HISTORIC PLACES OR IN A LOCAL HISTORIC DISTRICT**
6 **THAT THE DIRECTOR DETERMINES IS ELIGIBLE FOR LISTING ON THE NATIONAL**
7 **REGISTER OF HISTORIC PLACES; AND**

8 **2. CERTIFIED BY THE DIRECTOR AS CONTRIBUTING**
9 **TO THE SIGNIFICANCE OF THE DISTRICT; OR**

10 **(IV) LOCATED IN A CERTIFIED HERITAGE AREA AND**
11 **CERTIFIED BY THE MARYLAND HERITAGE AREAS AUTHORITY AS**
12 **CONTRIBUTING TO THE SIGNIFICANCE OF THE CERTIFIED HERITAGE AREA.**

13 **(2) “CERTIFIED HISTORIC STRUCTURE” DOES NOT INCLUDE A**
14 **STRUCTURE THAT IS OWNED BY THE STATE, A POLITICAL SUBDIVISION OF THE**
15 **STATE, OR THE FEDERAL GOVERNMENT.**

16 **(E) “CERTIFIED REHABILITATION” MEANS A COMPLETED**
17 **REHABILITATION OF:**

18 **(1) A CERTIFIED HISTORIC STRUCTURE THAT THE DIRECTOR**
19 **CERTIFIES IS A SUBSTANTIAL REHABILITATION IN CONFORMANCE WITH THE**
20 **REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE**
21 **INTERIOR; OR**

22 **(2) A QUALIFIED REHABILITATED STRUCTURE.**

23 **(F) “COMMERCIAL REHABILITATION” MEANS A REHABILITATION OF A**
24 **STRUCTURE OTHER THAN A SINGLE-FAMILY, OWNER-OCCUPIED RESIDENCE.**

25 **(G) “DIRECTOR” MEANS THE DIRECTOR OF THE MARYLAND**
26 **HISTORICAL TRUST.**

27 **(H) “FINANCIAL ASSISTANCE” MEANS ACTION BY THE STATE OR A**
28 **STATE UNIT TO AWARD GRANTS, LOANS, LOAN GUARANTEES, OR INSURANCE TO**
29 **A PUBLIC OR PRIVATE ENTITY TO FINANCE, WHOLLY OR PARTLY, A PROJECT**
30 **THAT INVOLVES OR MAY RESULT IN BUILDING CONSTRUCTION, BUILDING**
31 **ALTERATION, OR LAND DISTURBANCE.**

32 **(I) “HIGH PERFORMANCE BUILDING” MEANS A BUILDING THAT:**

1 **(1) MEETS OR EXCEEDS THE CURRENT VERSION OF THE U.S.**
2 **GREEN BUILDING COUNCIL’S LEED (LEADERSHIP IN ENERGY AND**
3 **ENVIRONMENTAL DESIGN) GREEN BUILDING RATING SYSTEM GOLD RATING; OR**

4 **(2) ACHIEVES AT LEAST A COMPARABLE NUMERIC RATING**
5 **ACCORDING TO A NATIONALLY RECOGNIZED, ACCEPTED, AND APPROPRIATE**
6 **NUMERIC SUSTAINABLE DEVELOPMENT RATING SYSTEM, GUIDELINE, OR**
7 **STANDARD APPROVED BY THE SECRETARIES OF BUDGET AND MANAGEMENT**
8 **AND GENERAL SERVICES UNDER § 3-602.1 OF THIS ARTICLE.**

9 **(J) (1) “HISTORIC PROPERTY” MEANS A DISTRICT, SITE, BUILDING,**
10 **STRUCTURE, MONUMENT, OR OBJECT SIGNIFICANT TO:**

11 **(I) THE PREHISTORY OR HISTORY OF THE STATE; OR**

12 **(II) THE UPLAND OR UNDERWATER ARCHEOLOGY,**
13 **ARCHITECTURE, ENGINEERING, OR CULTURE OF THE STATE.**

14 **(2) “HISTORIC PROPERTY” INCLUDES RELATED ARTIFACTS,**
15 **RECORDS, AND REMAINS.**

16 **(K) “INITIAL CREDIT CERTIFICATE” MEANS A CERTIFICATE THAT**
17 **GUARANTEES THE BUSINESS ENTITY A TAX CREDIT UNDER THE PROVISIONS OF**
18 **THIS SUBTITLE.**

19 **(L) “LOCAL HISTORIC DISTRICT” MEANS A DISTRICT THAT THE**
20 **GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION, OR THE MAYOR**
21 **AND CITY COUNCIL OF BALTIMORE, HAS DESIGNATED UNDER LOCAL LAW AS**
22 **HISTORIC.**

23 **(M) “MAIN STREET MARYLAND COMMUNITY” MEANS:**

24 **(1) A COMMERCIAL AREA IN A LOCAL JURISDICTION DESIGNATED**
25 **BY THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT AS A MAIN**
26 **STREET MARYLAND COMMUNITY UNDER THE MAIN STREET MARYLAND**
27 **PROGRAM ON OR BEFORE JANUARY 1, 2010; OR**

28 **(2) A COMMERCIAL AREA IN BALTIMORE CITY DESIGNATED AS A**
29 **MAIN STREET BY THE MAYOR OF BALTIMORE CITY ON OR BEFORE JANUARY 1,**
30 **2010.**

1 (N) **“MAIN STREET MARYLAND PROGRAM”** MEANS THE MARYLAND
2 **MAIN STREET DESIGNATION PROGRAM FOR LOCAL JURISDICTIONS**
3 **ESTABLISHED IN THE CODE OF MARYLAND REGULATIONS (COMAR).**

4 (O) **“MAPLE STREET COMMUNITY”** MEANS A RESIDENTIAL AREA IN A
5 **LOCAL JURISDICTION DESIGNATED BY THE SECRETARY OF HOUSING AND**
6 **COMMUNITY DEVELOPMENT UNDER COMAR AS PART OF THE MAIN STREET**
7 **MARYLAND PROGRAM ON OR BEFORE JANUARY 1, 2010.**

8 (P) **“NATIONAL REGISTER STRUCTURE”** MEANS A STRUCTURE THAT IS:

9 (1) **LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES;**
10 **OR**

11 (2) **LOCATED IN A HISTORIC DISTRICT LISTED ON THE NATIONAL**
12 **REGISTER OF HISTORIC PLACES AND CERTIFIED BY THE DIRECTOR AS**
13 **CONTRIBUTING TO THE SIGNIFICANCE OF THE DISTRICT.**

14 (Q) **“POLITICAL SUBDIVISION”** MEANS A COUNTY OR MUNICIPAL
15 **CORPORATION OF THE STATE.**

16 (R) **“PROGRAM”** MEANS THE SUSTAINABLE COMMUNITIES TAX CREDIT
17 **PROGRAM.**

18 (S) **“QUALIFIED REHABILITATION EXPENDITURE”** MEANS ANY AMOUNT
19 **THAT:**

20 (1) **IS PROPERLY CHARGEABLE TO A CAPITAL ACCOUNT;**

21 (2) **IS EXPENDED IN THE REHABILITATION OF A STRUCTURE THAT**
22 **BY THE END OF THE CALENDAR YEAR IN WHICH THE CERTIFIED**
23 **REHABILITATION IS COMPLETED IS A CERTIFIED HISTORIC STRUCTURE OR A**
24 **QUALIFIED REHABILITATED STRUCTURE;**

25 (3) **IS EXPENDED IN COMPLIANCE WITH A PLAN OF PROPOSED**
26 **REHABILITATION THAT HAS BEEN APPROVED BY THE DIRECTOR; AND**

27 (4) **IS NOT FUNDED, FINANCED, OR OTHERWISE REIMBURSED BY**
28 **ANY:**

29 (I) **STATE OR LOCAL GRANT;**

1 **(II) GRANT MADE FROM THE PROCEEDS OF TAX-EXEMPT**
2 **BONDS ISSUED BY THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR AN**
3 **INSTRUMENTALITY OF THE STATE OR OF A POLITICAL SUBDIVISION OF THE**
4 **STATE;**

5 **(III) STATE TAX CREDIT OTHER THAN THE TAX CREDIT**
6 **UNDER THIS SUBTITLE; OR**

7 **(IV) OTHER FINANCIAL ASSISTANCE FROM THE STATE OR A**
8 **POLITICAL SUBDIVISION OF THE STATE, OTHER THAN A LOAN THAT MUST BE**
9 **REPAID AT AN INTEREST RATE THAT IS GREATER THAN THE INTEREST RATE ON**
10 **GENERAL OBLIGATION BONDS ISSUED BY THE STATE AT THE MOST RECENT**
11 **BOND SALE PRIOR TO THE TIME THE LOAN IS MADE.**

12 **(T) (1) “QUALIFIED REHABILITATED STRUCTURE” MEANS A**
13 **BUILDING:**

14 **(I) THAT:**

15 **1. IS LOCATED IN A TRANSIT-ORIENTED**
16 **DEVELOPMENT AND IS A COMMERCIAL REHABILITATION; OR**

17 **2. IS LOCATED IN A MAIN STREET MARYLAND**
18 **COMMUNITY, A MAPLE STREET COMMUNITY, OR IN FISCAL YEAR 2012, A**
19 **SUSTAINABLE COMMUNITY;**

20 **(II) THAT WILL BE SUBSTANTIALLY REHABILITATED UNDER**
21 **THE PROGRAM; AND**

22 **(III) THAT MEETS THE REQUIREMENTS SET FORTH IN §**
23 **5-904 OF THIS SUBTITLE.**

24 **(2) “QUALIFIED REHABILITATED STRUCTURE” DOES NOT**
25 **INCLUDE A CERTIFIED HISTORIC STRUCTURE.**

26 **(U) (1) “SINGLE-FAMILY, OWNER-OCCUPIED RESIDENCE” MEANS A**
27 **STRUCTURE OCCUPIED BY THE OWNER AND THE OWNER’S IMMEDIATE FAMILY**
28 **AS THEIR PRIMARY OR SECONDARY RESIDENCE.**

29 **(2) “SINGLE-FAMILY, OWNER-OCCUPIED RESIDENCE” INCLUDES**
30 **A RESIDENTIAL UNIT IN A COOPERATIVE PROJECT OWNED BY OR LEASED TO A**
31 **COOPERATIVE HOUSING CORPORATION, AS DEFINED IN § 5-6B-01 OF THE**
32 **CORPORATIONS AND ASSOCIATIONS ARTICLE, AND LEASED FOR EXCLUSIVE**

1 OCCUPANCY TO, AND OCCUPIED BY, A MEMBER OF THE CORPORATION AND THE
2 MEMBER'S IMMEDIATE FAMILY UNDER A PROPRIETARY LEASE.

3 (V) "SMART GROWTH SUBCABINET" MEANS THE SMART GROWTH
4 SUBCABINET ESTABLISHED UNDER TITLE 9, SUBTITLE 14 OF THE STATE
5 GOVERNMENT ARTICLE.

6 (W) "STATE UNIT" HAS THE MEANING STATED IN § 11-101 OF THE
7 STATE GOVERNMENT ARTICLE.

8 (X) "SUSTAINABLE COMMUNITY" HAS THE MEANING STATED IN § 6-201
9 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE.

10 (Y) (1) "SUBSTANTIAL REHABILITATION" MEANS REHABILITATION
11 OF A STRUCTURE FOR WHICH THE QUALIFIED REHABILITATION EXPENDITURES,
12 DURING THE 24-MONTH PERIOD SELECTED BY THE INDIVIDUAL OR BUSINESS
13 ENTITY ENDING WITH OR WITHIN THE TAXABLE YEAR, EXCEED:

14 (I) FOR SINGLE-FAMILY, OWNER-OCCUPIED RESIDENTIAL
15 PROPERTY, \$5,000;

16 (II) FOR COMMERCIAL PROPERTY LOCATED IN A MAIN
17 STREET MARYLAND COMMUNITY, THE GREATER OF 50% OF THE ADJUSTED
18 BASIS OF THE STRUCTURE OR \$25,000; OR

19 (III) FOR ALL OTHER COMMERCIAL PROPERTY, THE
20 GREATER OF THE ADJUSTED BASIS OF THE STRUCTURE OR \$25,000.

21 (Z) "TRANSIT-ORIENTED DEVELOPMENT" MEANS TRANSIT-ORIENTED
22 DEVELOPMENT AS DEFINED IN § 7-101 OF THE TRANSPORTATION ARTICLE
23 THAT IS LOCATED WITHIN ONE-HALF MILE OF A TRANSIT STATION ON A LIGHT
24 RAIL OR HEAVY RAIL LINE.

25 (AA) "TRUST" MEANS THE MARYLAND HISTORICAL TRUST ESTABLISHED
26 UNDER SUBTITLE 5A OF THIS TITLE.

27 5-903.

28 (A) THE DIRECTOR SHALL ADOPT REGULATIONS TO:

29 (1) ESTABLISH PROCEDURES AND STANDARDS FOR CERTIFYING
30 HISTORIC STRUCTURES AND REHABILITATIONS UNDER THIS SECTION;

1 **(2) FOR COMMERCIAL REHABILITATIONS, ESTABLISH A RATING**
2 **SYSTEM, BASED ON PAST PRACTICES AND TO FUND THE HIGHEST QUALITY**
3 **REHABILITATION PROJECTS THAT WILL PROVIDE A STIMULUS FOR**
4 **REVITALIZATION BEYOND THE INDIVIDUAL PROJECT, THAT FAVORS THE AWARD**
5 **OF TAX CREDITS FOR REHABILITATION PROJECTS THAT:**

6 **(I) ARE LOCATED IN JURISDICTIONS THAT HAVE BEEN**
7 **HISTORICALLY UNDERREPRESENTED IN THE AWARD OF TAX CREDITS FOR**
8 **COMMERCIAL REHABILITATIONS, BASED ON THE NUMBER OF NATIONAL**
9 **REGISTER STRUCTURES IN EACH JURISDICTION;**

10 **(II) ARE CONSISTENT WITH AND ADVANCE GROWTH AND**
11 **DEVELOPMENT POLICIES AND PROGRAMS OF THE STATE;**

12 **(III) ARE LOCATED IN AREAS TARGETED BY THE STATE FOR**
13 **ADDITIONAL REVITALIZATION AND ECONOMIC DEVELOPMENT OPPORTUNITIES**
14 **DUE TO THE FOCUSING OF STATE RESOURCES AND INCENTIVES;**

15 **(IV) ARE LOCATED IN SUSTAINABLE COMMUNITIES;**

16 **(V) ARE LOCATED IN AREAS WHERE LOCAL JURISDICTIONS**
17 **HAVE IMPLEMENTED REGULATORY STREAMLINING OR OTHER DEVELOPMENT**
18 **INCENTIVES IN PRIORITY FUNDING AREAS THAT HAVE BEEN CERTIFIED BY THE**
19 **SMART GROWTH SUBCABINET IN ACCORDANCE WITH § 9-1406 OF THE STATE**
20 **GOVERNMENT ARTICLE;**

21 **(VI) INCLUDE AFFORDABLE AND WORKFORCE HOUSING**
22 **OPTIONS; AND**

23 **(VII) ARE QUALIFIED REHABILITATED STRUCTURES MORE**
24 **THAN 50 YEARS OLD;**

25 **(3) FOR COMMERCIAL REHABILITATIONS, ESTABLISH AN**
26 **APPLICATION PROCESS FOR THE AWARD OF INITIAL CREDIT CERTIFICATES FOR**
27 **SUSTAINABLE COMMUNITIES TAX CREDITS CONSISTENT WITH THE**
28 **REQUIREMENTS OF THIS SUBTITLE;**

29 **(4) FOR REHABILITATIONS, ESTABLISH CRITERIA, CONSISTENT**
30 **WITH THE REQUIREMENTS OF THIS SUBSECTION, FOR EVALUATING PLANS OF**
31 **PROPOSED REHABILITATION THAT HAVE BEEN DETERMINED BY THE DIRECTOR**
32 **TO:**

1 **(I) FOR CERTIFIED HISTORIC STRUCTURES, CONFORM TO**
2 **THE REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE**
3 **INTERIOR; AND**

4 **(II) FOR REHABILITATIONS OF THE EXTERIORS OF**
5 **QUALIFIED REHABILITATED STRUCTURES, BE COMPATIBLE WITH THE**
6 **REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE**
7 **INTERIOR IF THE STRUCTURE IS LOCATED IN, OR ADVERSELY AFFECTS:**

8 **1. DESIGNATED HISTORIC DISTRICTS; OR**

9 **2. DISTRICTS DETERMINED BY THE DIRECTOR TO BE**
10 **ELIGIBLE FOR LISTING ON THE NATIONAL REGISTER OF HISTORIC PLACES;**

11 **(5) FOR COMMERCIAL REHABILITATIONS, DETERMINE WHETHER**
12 **THE CERTIFIED REHABILITATION IS A HIGH PERFORMANCE BUILDING;**

13 **(6) FOR COMMERCIAL REHABILITATIONS, ESTABLISH A**
14 **REQUIRED EXTERNAL MARKER OR, AT LEAST, AN INTERNAL MARKER FOR THE**
15 **REHABILITATION PROJECTS THAT IDENTIFIES THAT THE REHABILITATION WAS**
16 **FUNDED BY MARYLAND SUSTAINABLE COMMUNITIES TAX CREDITS; AND**

17 **(7) AS PROVIDED IN SUBSECTION (B)(1) AND (2) OF THIS**
18 **SECTION, CHARGE A REASONABLE FEE TO CERTIFY HISTORIC REHABILITATIONS**
19 **AND QUALIFIED REHABILITATED STRUCTURES UNDER THIS SUBTITLE.**

20 **(B) (1) THE DIRECTOR SHALL SET THE LEVEL OF THE FEE UNDER**
21 **SUBSECTION (A)(7) OF THIS SECTION SO THAT THE PROJECTED PROCEEDS**
22 **FROM THE FEE WILL COVER THE COSTS TO THE TRUST OF ADMINISTERING THE**
23 **CREDIT UNDER THIS SUBTITLE AND THE FEDERAL HISTORIC PRESERVATION**
24 **TAX CREDIT.**

25 **(2) THE FEE CHARGED MAY NOT EXCEED 2% OF THE AMOUNT OF:**

26 **(I) THE INITIAL CREDIT CERTIFICATE ISSUED FOR A**
27 **COMMERCIAL REHABILITATION; OR**

28 **(II) THE QUALIFIED REHABILITATION EXPENDITURES FOR A**
29 **SINGLE-FAMILY, OWNER-OCCUPIED RESIDENTIAL REHABILITATION.**

30 **(3) IF THE FEE FOR A COMMERCIAL REHABILITATION IS NOT**
31 **RECEIVED BY THE TRUST WITHIN 120 DAYS AFTER THE TRUST SENDS NOTICE**

1 THAT THE FEE IS DUE, THE RESERVATION OF AN AWARD FOR AN INITIAL CREDIT
2 CERTIFICATE FOR THE REHABILITATION SHALL EXPIRE.

3 (C) THE DIRECTOR SHALL CONSULT WITH THE SMART GROWTH
4 SUBCABINET ON THE RATING SYSTEM REQUIRED UNDER SUBSECTION (A)(2) OF
5 THIS SECTION.

6 5-904.

7 A BUILDING IS A QUALIFIED REHABILITATED STRUCTURE IF, IN THE
8 REHABILITATION PROCESS:

9 (1) 50% OR MORE OF THE EXISTING EXTERNAL WALLS OF THE
10 BUILDING ARE RETAINED IN PLACE AS EXTERNAL WALLS;

11 (2) 75% OR MORE OF THE EXISTING EXTERNAL WALLS OF THE
12 BUILDING ARE RETAINED IN PLACE AS INTERNAL OR EXTERNAL WALLS; AND

13 (3) 75% OR MORE OF THE INTERNAL STRUCTURAL FRAMEWORK
14 OF THE BUILDING IS RETAINED IN PLACE.

15 5-905.

16 (A) (1) THE DIRECTOR MAY ACCEPT AN APPLICATION FOR
17 APPROVAL OF PLANS OF A PROPOSED REHABILITATION IF THE PROPOSED
18 REHABILITATION MEETS THE REQUIREMENTS FOR ELIGIBILITY UNDER THE
19 PROGRAM.

20 (2) IF THE PLANS OF A PROPOSED REHABILITATION MEET THE
21 ELIGIBILITY REQUIREMENTS OF THE PROGRAM, THE DIRECTOR SHALL ACCEPT
22 APPLICATIONS FOR APPROVAL OF PLANS FOR REHABILITATION IN THE ORDER
23 IN WHICH THEY ARE RECEIVED BY THE TRUST.

24 (3) THE DIRECTOR MAY NOT ACCEPT AN APPLICATION FOR
25 APPROVAL OF PLANS OF A PROPOSED REHABILITATION IF:

26 (I) ANY SUBSTANTIAL PART OF THE PROPOSED
27 REHABILITATION WORK HAS BEGUN; OR

28 (II) THE APPLICANT FOR A COMMERCIAL REHABILITATION
29 HAS PREVIOUSLY SUBMITTED THREE OR MORE APPLICATIONS FOR
30 COMMERCIAL REHABILITATIONS WITH TOTAL PROPOSED REHABILITATIONS
31 EXCEEDING \$500,000 IN THAT YEAR.

1 (4) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, FOR A
2 COMMERCIAL REHABILITATION, THE DIRECTOR MAY MAKE AN AWARD OF AN
3 INITIAL CREDIT CERTIFICATE CONSISTENT WITH THE REQUIREMENTS OF THIS
4 SUBTITLE.

5 (5) PRIOR TO MAKING AWARDS OF AN INITIAL CREDIT
6 CERTIFICATE, THE DIRECTOR SHALL NOTIFY THE SMART GROWTH
7 SUBCABINET OF THE APPLICATIONS AND PROPOSED AWARDS.

8 (B) THE DIRECTOR MAY NOT CERTIFY A COMPLETED REHABILITATION
9 FOR THE CERTIFIED REHABILITATION UNDER THIS SUBTITLE UNLESS THE
10 INDIVIDUAL OR BUSINESS ENTITY SEEKING CERTIFICATION STATES UNDER
11 OATH THE AMOUNT OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S QUALIFIED
12 REHABILITATION EXPENDITURES.

13 (C) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, FOR THE
14 TAXABLE YEAR IN WHICH A CERTIFIED REHABILITATION IS COMPLETED, AN
15 INDIVIDUAL OR BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN AN AMOUNT
16 EQUAL TO:

17 (I) 20% OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S
18 QUALIFIED REHABILITATION EXPENDITURES FOR A SINGLE-FAMILY,
19 OWNER-OCCUPIED RESIDENTIAL CERTIFIED HISTORIC STRUCTURE
20 REHABILITATION; OR

21 (II) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF
22 THIS SUBSECTION, 20% OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S
23 QUALIFIED REHABILITATION EXPENDITURES FOR ANY OTHER REHABILITATION.

24 (2) FOR THE TAXABLE YEAR IN WHICH A CERTIFIED COMMERCIAL
25 REHABILITATION IS COMPLETED, AN INDIVIDUAL OR BUSINESS ENTITY MAY
26 CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO 25% OF THE INDIVIDUAL'S OR
27 BUSINESS ENTITY'S QUALIFIED REHABILITATION EXPENDITURES IF THE
28 CERTIFIED REHABILITATION IS A CERTIFIED HISTORIC STRUCTURE AND A HIGH
29 PERFORMANCE BUILDING.

30 (3) FOR THE TAXABLE YEAR IN WHICH A CERTIFIED
31 REHABILITATION IS COMPLETED, AN INDIVIDUAL OR BUSINESS ENTITY MAY
32 CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO 10% OF THE INDIVIDUAL'S OR
33 BUSINESS ENTITY'S QUALIFIED REHABILITATION EXPENDITURES IF THE
34 CERTIFIED REHABILITATION IS A QUALIFIED REHABILITATED STRUCTURE.

1 **(4) (I) FOR ANY COMMERCIAL REHABILITATION, THE STATE**
2 **TAX CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE LESSER OF:**

3 **1. \$3,000,000; OR**

4 **2. THE MAXIMUM AMOUNT SPECIFIED UNDER THE**
5 **INITIAL CREDIT CERTIFICATE ISSUED FOR THE REHABILITATION.**

6 **(II) FOR A REHABILITATION OTHER THAN A COMMERCIAL**
7 **REHABILITATION, THE STATE TAX CREDIT ALLOWED UNDER THIS SECTION MAY**
8 **NOT EXCEED \$50,000.**

9 **(III) FOR THE PURPOSES OF THE LIMITATION UNDER**
10 **SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE FOLLOWING SHALL BE TREATED**
11 **AS A SINGLE COMMERCIAL REHABILITATION:**

12 **1. THE PHASED REHABILITATION OF THE SAME**
13 **STRUCTURE OR PROPERTY;**

14 **2. THE SEPARATE REHABILITATION OF DIFFERENT**
15 **COMPONENTS OF THE SAME STRUCTURE OR PROPERTY; OR**

16 **3. THE REHABILITATION OF MULTIPLE STRUCTURES**
17 **THAT ARE FUNCTIONALLY RELATED TO SERVE AN OVERALL PURPOSE.**

18 **(5) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**
19 **THE INITIAL CREDIT CERTIFICATE FOR A PROPOSED COMMERCIAL**
20 **REHABILITATION SHALL EXPIRE AND THE CREDIT UNDER THIS SECTION MAY**
21 **NOT BE CLAIMED IF:**

22 **1. WITHIN 18 MONTHS AFTER THE INITIAL CREDIT**
23 **CERTIFICATE WAS ISSUED, THE APPLICANT HAS NOT NOTIFIED THE TRUST, IN**
24 **WRITING, THAT THE COMMERCIAL REHABILITATION HAS BEGUN; OR**

25 **2. WITHIN 30 MONTHS AFTER THE INITIAL CREDIT**
26 **CERTIFICATE WAS ISSUED, THE COMMERCIAL REHABILITATION IS NOT**
27 **COMPLETED.**

28 **(II) FOR REASONABLE CAUSE, THE DIRECTOR MAY**
29 **POSTPONE THE 30-MONTH EXPIRATION DATE FOR AN INITIAL CREDIT**
30 **CERTIFICATE FOR A COMMERCIAL REHABILITATION.**

1 **(6) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY**
2 **TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE**
3 **BUSINESS ENTITY OR THE INDIVIDUAL FOR THAT TAXABLE YEAR, THE**
4 **INDIVIDUAL OR BUSINESS ENTITY MAY:**

5 **(I) APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING**
6 **TAXABLE YEARS UNTIL THE EARLIER OF:**

- 7 1. **THE FULL AMOUNT OF THE CREDIT IS USED; OR**
- 8 2. **THE EXPIRATION OF THE TENTH TAXABLE YEAR**
9 **AFTER THE TAXABLE YEAR IN WHICH THE REHABILITATION IS COMPLETED; OR**

10 **(II) CLAIM A REFUND IN THE AMOUNT OF THE EXCESS IF:**

11 1. **THE REHABILITATION IS A SINGLE-FAMILY,**
12 **OWNER-OCCUPIED RESIDENCE;**

13 2. **THE REHABILITATION IS A COMMERCIAL**
14 **REHABILITATION AND THE QUALIFIED REHABILITATION EXPENDITURES FOR**
15 **THE REHABILITATION DO NOT EXCEED \$250,000; OR**

16 3. **THE BUSINESS ENTITY IS A NONPROFIT**
17 **CORPORATION AND THE QUALIFIED REHABILITATION AND THE QUALIFIED**
18 **EXPENDITURES DO NOT EXCEED \$250,000.**

19 **(E) THE STATE CREDIT ALLOWED UNDER THIS SECTION MAY BE**
20 **ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF AN**
21 **ENTITY IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING.**

22 **(F) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS**
23 **SUBSECTION, THE DIRECTOR MAY NOT ISSUE INITIAL CREDIT CERTIFICATES**
24 **UNDER THIS SUBTITLE THAT:**

25 **(I) IN THE AGGREGATE EXCEED \$50,000,000; AND**

26 **(II) 1. EXCEED \$20,000,000 IN FISCAL YEAR 2011;**

27 2. **EXCEED \$15,000,000 IN FISCAL YEAR 2012; AND**

28 3. **EXCEED \$15,000,000 IN FISCAL YEAR 2013.**

1 **(2) THE DIRECTOR MAY NOT ISSUE INITIAL CREDIT**
2 **CERTIFICATES TO QUALIFIED REHABILITATED STRUCTURES THAT EXCEED 40%**
3 **OF THE TOTAL CREDIT CERTIFICATES ISSUED IN A FISCAL YEAR.**

4 **(3) THE AMOUNT OF RESERVATIONS FOR INITIAL CREDIT**
5 **CERTIFICATE AWARDS AND ISSUED INITIAL CREDIT CERTIFICATES THAT EXPIRE**
6 **PRIOR TO OCTOBER 1, 2013, UNDER THE PROVISIONS OF § 5-903(B)(3) OF THIS**
7 **SUBTITLE AND SUBSECTION (C)(5) OF THIS SECTION MAY NOT BE INCLUDED IN**
8 **THE AGGREGATE AMOUNT OF INITIAL CREDIT CERTIFICATES ISSUED.**

9 **(4) IF THE INITIAL CREDIT CERTIFICATES ISSUED IN ANY FISCAL**
10 **YEAR DO NOT EXCEED THE AMOUNTS UNDER PARAGRAPH (1)(II) OF THIS**
11 **SUBSECTION, THE AMOUNT NOT AWARDED SHALL BE CARRIED OVER TO AND**
12 **AVAILABLE FOR AWARD IN THE NEXT FISCAL YEAR.**

13 **(5) THE DIRECTOR MAY NOT ISSUE AN INITIAL CREDIT**
14 **CERTIFICATE UNDER THIS SUBTITLE BEFORE OCTOBER 1, 2010, OR AFTER**
15 **SEPTEMBER 30, 2013.**

16 **5-906.**

17 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
18 **MEANINGS INDICATED.**

19 **(2) (I) “DISPOSITION” OR “DISPOSE” MEANS A TRANSFER OF**
20 **LEGAL TITLE OR, IN THE CASE OF A LEASEHOLD, THE LEASEHOLD INTEREST.**

21 **(II) “DISPOSITION” OR “DISPOSE” INCLUDES A SALE IN A**
22 **SALE-AND-LEASEBACK TRANSACTION, A TRANSFER UPON THE FORECLOSURE**
23 **OF A SECURITY INTEREST, AND A GIFT.**

24 **(III) “DISPOSITION” OR “DISPOSE” DOES NOT INCLUDE A**
25 **TRANSFER OF TITLE OR THE LEASEHOLD INTEREST TO A CREDITOR UPON**
26 **CREATION OF A SECURITY INTEREST.**

27 **(3) “DISQUALIFYING WORK” MEANS WORK THAT:**

28 **(I) IS PERFORMED ON A CERTIFIED REHABILITATION; AND**

29 **(II) IF PERFORMED AS PART OF THE REHABILITATION**
30 **CERTIFIED UNDER THIS SECTION, WOULD HAVE MADE THE REHABILITATION**
31 **INELIGIBLE FOR CERTIFICATION.**

1 **(B) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE**
2 **RECAPTURED AS PROVIDED IN SUBSECTION (C) OF THIS SECTION IF, DURING**
3 **THE TAXABLE YEAR IN WHICH A CERTIFIED REHABILITATION IS COMPLETED OR**
4 **ANY OF THE 4 TAXABLE YEARS SUCCEEDING THE TAXABLE YEAR IN WHICH THE**
5 **CERTIFIED REHABILITATION IS COMPLETED:**

6 **(1) ANY DISQUALIFYING WORK IS PERFORMED ON A CERTIFIED**
7 **REHABILITATION; OR**

8 **(2) FOR A COMMERCIAL REHABILITATION, THE CERTIFIED**
9 **REHABILITATION IS COMPLETE AND HAS BEEN DISPOSED OF.**

10 **(C) (1) (I) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS**
11 **PERFORMED DURING THE TAXABLE YEAR IN WHICH THE CERTIFIED**
12 **REHABILITATION WAS COMPLETED, 100% OF THE CREDIT SHALL BE**
13 **RECAPTURED.**

14 **(II) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS**
15 **PERFORMED DURING THE FIRST FULL YEAR SUCCEEDING THE TAXABLE YEAR IN**
16 **WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 80% OF THE CREDIT**
17 **SHALL BE RECAPTURED.**

18 **(III) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS**
19 **PERFORMED DURING THE SECOND FULL YEAR SUCCEEDING THE TAXABLE YEAR**
20 **IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 60% OF THE**
21 **CREDIT SHALL BE RECAPTURED.**

22 **(IV) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS**
23 **PERFORMED DURING THE THIRD FULL YEAR SUCCEEDING THE TAXABLE YEAR**
24 **IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 40% OF THE**
25 **CREDIT SHALL BE RECAPTURED.**

26 **(V) IF DISPOSITION OCCURS OR DISQUALIFYING WORK IS**
27 **PERFORMED DURING THE FOURTH FULL YEAR SUCCEEDING THE TAXABLE YEAR**
28 **IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED, 20% OF THE**
29 **CREDIT SHALL BE RECAPTURED.**

30 **(2) THE INDIVIDUAL OR BUSINESS ENTITY THAT CLAIMED THE**
31 **TAX CREDIT SHALL PAY THE AMOUNT TO BE RECAPTURED, AS DETERMINED**
32 **UNDER PARAGRAPH (1) OF THIS SUBSECTION, AS TAXES PAYABLE TO THE**
33 **STATE FOR THE TAXABLE YEAR IN WHICH THE DISPOSITION OCCURS OR THE**
34 **DISQUALIFYING WORK IS PERFORMED.**

1 **5-907.**

2 (A) THE COMPTROLLER MAY DETERMINE, UNDER THE PROCESS FOR
3 RETURN EXAMINATION AND AUDIT UNDER §§ 13-301 AND 13-302 OF THE TAX -
4 GENERAL ARTICLE:

5 (1) THE AMOUNT OF REHABILITATION EXPENDITURES USED IN
6 CALCULATING THE CREDIT;

7 (2) WHETHER SUCH EXPENDITURES ARE QUALIFIED
8 REHABILITATION EXPENDITURES UNDER THIS SECTION; AND

9 (3) WHETHER THE CREDIT IS ALLOWABLE AS CLAIMED.

10 (B) THE AUTHORITY OF THE COMPTROLLER TO EXAMINE AND AUDIT A
11 TAX RETURN DOES NOT LIMIT THE AUTHORITY OF THE DIRECTOR TO
12 DETERMINE WHETHER A REHABILITATION QUALIFIES AS A CERTIFIED
13 REHABILITATION OR WHETHER A CERTIFICATE OF COMPLETION FOR THE
14 CERTIFIED REHABILITATION HAS BEEN PROPERLY ISSUED.

15 (C) THE COMPTROLLER MAY ADOPT REGULATIONS TO REQUIRE THAT
16 AN ENTITY, OTHER THAN A CORPORATION, CLAIM THE TAX CREDIT ON THE TAX
17 RETURN FILED BY THAT ENTITY.

18 **5-908.**

19 (A) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
20 CREDIT UNDER THIS SUBTITLE MAY BE CLAIMED FOR THE YEAR A CERTIFIED
21 REHABILITATION IS COMPLETED, ONLY IF THE DIRECTOR HAS, BY THE TIME
22 THE RETURN IS FILED, ISSUED A CERTIFICATE OF COMPLETION FOR THE
23 CERTIFIED REHABILITATION.

24 (2) A TAXPAYER CLAIMING THE CREDIT MAY AMEND A RETURN
25 FOR THE YEAR THE CERTIFIED REHABILITATION WAS COMPLETED TO ACCOUNT
26 FOR A CERTIFICATE ISSUED SUBSEQUENT TO THE FILING OF THE ORIGINAL
27 RETURN.

28 (3) AN AMENDED RETURN SHALL BE FILED WITHIN THE PERIOD
29 ALLOWED UNDER THE TAX - GENERAL ARTICLE FOR FILING REFUND CLAIMS.

30 (4) THE PROVISIONS OF THIS SUBSECTION DO NOT EXTEND THE
31 PERIOD IN WHICH A CERTIFIED REHABILITATION MUST BE COMPLETED TO BE
32 ELIGIBLE FOR A TAX CREDIT UNDER THIS SUBTITLE.

1 **(5) AN AMENDED RETURN MAY ACCOUNT FOR AN AMENDED**
2 **CERTIFICATION ISSUED BY THE DIRECTOR FOR A CERTIFIED REHABILITATION.**

3 **(B) A REFUND PAYABLE UNDER § 5-905(C)(6)(II) OF THIS SUBTITLE:**

4 **(1) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM**
5 **CORPORATIONS IF THE PERSON ENTITLED TO THE REFUND IS A CORPORATION**
6 **SUBJECT TO THE INCOME TAX UNDER TITLE 10 OF THE TAX - GENERAL**
7 **ARTICLE;**

8 **(2) OPERATES TO REDUCE INSURANCE PREMIUM TAX REVENUES**
9 **IF THE PERSON ENTITLED TO THE REFUND IS SUBJECT TO TAXATION UNDER**
10 **TITLE 6 OF THE INSURANCE ARTICLE; AND**

11 **(3) OPERATES TO REDUCE THE INCOME TAX REVENUE FROM**
12 **INDIVIDUALS IF THE PERSON ENTITLED TO THE REFUND IS:**

13 **(I) AN INDIVIDUAL SUBJECT TO THE INCOME TAX UNDER**
14 **TITLE 10 OF THE TAX - GENERAL ARTICLE; OR**

15 **(II) AN ORGANIZATION EXEMPT FROM TAXATION UNDER §**
16 **501(C)(3) OF THE INTERNAL REVENUE CODE.**

17 **5-909.**

18 **(A) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DIRECTOR**
19 **SHALL REPORT TO THE GOVERNOR, THE SMART GROWTH SUBCABINET, AND,**
20 **SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL**
21 **ASSEMBLY, ON:**

22 **(1) THE INITIAL CREDIT CERTIFICATES AWARDED FOR**
23 **COMMERCIAL REHABILITATIONS UNDER THIS SECTION DURING THAT FISCAL**
24 **YEAR;**

25 **(2) THE TAX CREDITS AWARDED FOR CERTIFIED**
26 **REHABILITATIONS COMPLETED IN THE PRECEDING FISCAL YEAR;**

27 **(3) WHETHER THE TAX CREDITS AWARDED FOR CERTIFIED**
28 **REHABILITATIONS COMPLETED IN THE PRECEDING FISCAL YEAR WERE**
29 **LOCATED IN:**

1 **(I) A MAIN STREET MARYLAND COMMUNITY OR MAPLE**
2 **STREET COMMUNITY;**

3 **(II) A TRANSIT-ORIENTED DEVELOPMENT;**

4 **(III) A SUSTAINABLE COMMUNITY;**

5 **(IV) A LOCAL HISTORIC DISTRICT; OR**

6 **(V) A NATIONAL REGISTER DISTRICT; AND**

7 **(4) TO THE EXTENT POSSIBLE AND IN CONSULTATION WITH THE**
8 **DEPARTMENTS OF HOUSING AND COMMUNITY DEVELOPMENT AND**
9 **TRANSPORTATION, WHETHER THE CERTIFIED REHABILITATIONS COMPLETED**
10 **IN THE PRECEDING FISCAL YEAR CONTRIBUTED TO THE REVITALIZATION OF A**
11 **COMMUNITY.**

12 **(B) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
13 **SHALL INCLUDE FOR EACH INITIAL CREDIT CERTIFICATE AWARDED DURING**
14 **THE FISCAL YEAR FOR A COMMERCIAL REHABILITATION:**

15 **(1) THE NAME OF THE OWNER OR DEVELOPER OF THE**
16 **COMMERCIAL REHABILITATION;**

17 **(2) THE NAME AND ADDRESS OF THE PROPOSED OR CERTIFIED**
18 **REHABILITATION AND THE COUNTY WHERE THE PROJECT IS LOCATED;**

19 **(3) THE DATES OF RECEIPT AND APPROVAL BY THE DIRECTOR OF**
20 **ALL APPLICATIONS REGARDING THE PROJECT, INCLUDING APPLICATIONS:**

21 **(I) FOR CERTIFICATION THAT A STRUCTURE OR PROPERTY**
22 **WILL QUALIFY AS A CERTIFIED HISTORIC STRUCTURE; AND**

23 **(II) FOR APPROVAL OF THE PLAN OF PROPOSED**
24 **REHABILITATION; AND**

25 **(4) THE MAXIMUM AMOUNT OF THE CREDIT STATED IN THE**
26 **INITIAL CREDIT CERTIFICATE FOR THE PROJECT AND THE ESTIMATED**
27 **REHABILITATION EXPENDITURES STATED IN THE APPLICATION FOR APPROVAL**
28 **OF THE PLAN OF PROPOSED REHABILITATION.**

1 **(C) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
2 **SHALL INCLUDE FOR EACH CERTIFIED COMMERCIAL REHABILITATION**
3 **COMPLETED DURING THE PRECEDING FISCAL YEAR:**

4 **(1) THE NAME OF THE OWNER OR DEVELOPER OF THE**
5 **COMMERCIAL REHABILITATION;**

6 **(2) THE NAME AND ADDRESS OF THE CERTIFIED REHABILITATION**
7 **AND THE COUNTY WHERE THE PROJECT IS LOCATED;**

8 **(3) THE DATES OF RECEIPT AND APPROVAL BY THE DIRECTOR OF**
9 **ALL APPLICATIONS REGARDING THE PROJECT; AND**

10 **(4) (I) THE MAXIMUM AMOUNT OF THE CREDIT STATED IN THE**
11 **INITIAL CREDIT CERTIFICATE FOR THE PROJECT AND THE ESTIMATED**
12 **REHABILITATION EXPENDITURES STATED IN THE APPLICATION FOR APPROVAL**
13 **OF THE PLAN OF PROPOSED REHABILITATION; AND**

14 **(II) THE ACTUAL QUALIFIED REHABILITATION**
15 **EXPENDITURES AND THE FINAL AMOUNT OF THE CREDIT FOR WHICH THE**
16 **PROJECT QUALIFIED.**

17 **(D) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
18 **SHALL SUMMARIZE FOR EACH CATEGORY OF CERTIFIED REHABILITATIONS:**

19 **(1) THE TOTAL NUMBER OF APPLICANTS FOR:**

20 **(I) CERTIFICATION THAT A STRUCTURE OR PROPERTY**
21 **WILL QUALIFY AS A CERTIFIED HISTORIC STRUCTURE;**

22 **(II) APPROVAL OF PLANS OF PROPOSED REHABILITATIONS;**
23 **OR**

24 **(III) CERTIFICATION OF THE COMPLETED REHABILITATIONS;**

25 **(2) THE NUMBER OF PROPOSED PROJECTS FOR WHICH PLANS OF**
26 **PROPOSED REHABILITATION WERE APPROVED; AND**

27 **(3) THE TOTAL ESTIMATED REHABILITATION EXPENDITURES**
28 **STATED IN APPROVED APPLICATIONS FOR APPROVAL OF PLANS OF PROPOSED**
29 **REHABILITATION AND THE TOTAL QUALIFIED REHABILITATION EXPENDITURES**
30 **FOR COMPLETED REHABILITATIONS CERTIFIED.**

1 **(E) THE INFORMATION REQUIRED UNDER SUBSECTION (D) OF THIS**
2 **SECTION SHALL BE PROVIDED IN THE AGGREGATE AND SEPARATELY FOR EACH**
3 **OF THE FOLLOWING CATEGORIES OF CERTIFIED REHABILITATIONS:**

4 **(1) SINGLE-FAMILY, OWNER-OCCUPIED RESIDENTIAL**
5 **STRUCTURES; AND**

6 **(2) COMMERCIAL REHABILITATIONS.**

7 **5-910.**

8 **(A) THERE IS A MARYLAND DEPARTMENT OF PLANNING SUSTAINABLE**
9 **COMMUNITIES TAX CREDIT ADMINISTRATION FUND THAT IS A CONTINUING,**
10 **NONLAPSING SPECIAL FUND THAT IS NOT SUBJECT TO § 7-302 OF THIS**
11 **ARTICLE.**

12 **(B) THE PROCEEDS FROM THE FEE CHARGED UNDER THIS SUBTITLE**
13 **SHALL BE DEPOSITED IN THE FUND, TO BE USED ONLY FOR THE PURPOSES OF**
14 **PAYING THE COSTS OF ADMINISTERING THE CREDIT UNDER THIS SUBTITLE AND**
15 **THE FEDERAL HISTORIC TAX CREDIT.**

16 **(C) THE STATE TREASURER SHALL HOLD THE FUND AND THE**
17 **COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

18 **5-911.**

19 **(A) SUBJECT TO THE PROVISIONS OF THIS SECTION, THE PROVISIONS**
20 **OF THIS SUBTITLE AND THE TAX CREDIT AUTHORIZED UNDER THIS SUBTITLE**
21 **SHALL TERMINATE AS OF OCTOBER 1, 2013.**

22 **(B) ON AND AFTER OCTOBER 1, 2013, THE TAX CREDIT AUTHORIZED**
23 **UNDER THIS SECTION MAY BE CLAIMED FOR:**

24 **(1) A REHABILITATION PROJECT, OTHER THAN A COMMERCIAL**
25 **REHABILITATION, FOR WHICH AN APPLICATION FOR APPROVAL OF A PLAN OF**
26 **PROPOSED REHABILITATION WAS RECEIVED BY THE DIRECTOR ON OR BEFORE**
27 **OCTOBER 1, 2013; OR**

28 **(2) A COMMERCIAL REHABILITATION FOR WHICH AN INITIAL**
29 **CREDIT CERTIFICATE HAS BEEN AWARDED UNDER § 5-905 OF THIS SUBTITLE.**

30 **(C) THE DIRECTOR SHALL CONTINUE TO REPORT TO THE GOVERNOR**
31 **AND THE GENERAL ASSEMBLY AS REQUIRED UNDER § 5-909 OF THIS SUBTITLE**

1 FOR AS LONG AS ANY REHABILITATION PROJECT FOR WHICH THE TAX CREDIT
2 MAY BE CLAIMED REMAINS INCOMPLETE.

3 **Article – State Government**

4 9–1406.

5 (b) The Subcabinet consists of:

6 (12) the Secretary of Transportation; [and]

7 (13) a representative of the Governor’s office;

8 **(14) THE SECRETARY OF HEALTH AND MENTAL HYGIENE;**

9 **(15) THE SECRETARY OF LABOR, LICENSING, AND REGULATION;**
10 **AND**

11 **(16) THE DIRECTOR OF THE MARYLAND ENERGY**
12 **ADMINISTRATION.**

13 (h) **(1)** The Subcabinet shall:

14 **[(1)] (I)** provide a forum for discussion of interdepartmental issues
15 relating to activities that affect growth, development, neighborhood conservation, and
16 resource management;

17 **[(2)] (II)** work together using all available resources to promote the
18 understanding of smart growth;

19 **(III) WORK TOGETHER TO CREATE, ENHANCE, SUPPORT, AND**
20 **REVITALIZE SUSTAINABLE COMMUNITIES ACROSS THE STATE;**

21 **(IV) AFTER RECEIVING A REQUEST FROM A LOCAL**
22 **JURISDICTION, CERTIFY THAT THE LOCAL JURISDICTION HAS IMPLEMENTED**
23 **REGULATORY STREAMLINING OR OTHER DEVELOPMENT INCENTIVES IN**
24 **PRIORITY FUNDING AREAS FOR THE PURPOSE OF THE RATING SYSTEM IN THE**
25 **SUSTAINABLE COMMUNITIES TAX CREDIT PROGRAM UNDER TITLE 5 OF THE**
26 **STATE FINANCE AND PROCUREMENT ARTICLE;**

27 **(V) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,**
28 **MAKE RECOMMENDATIONS TO:**

1 **1. THE DEPARTMENT OF BUSINESS AND ECONOMIC**
2 **DEVELOPMENT IN ACCORDANCE WITH § 5-1304 OF THE ECONOMIC**
3 **DEVELOPMENT ARTICLE;**

4 **2. THE DEPARTMENT OF HOUSING AND COMMUNITY**
5 **DEVELOPMENT IN ACCORDANCE WITH § 6-206 OF THE HOUSING AND**
6 **COMMUNITY DEVELOPMENT ARTICLE;**

7 **3. THE DEPARTMENT OF PLANNING IN**
8 **ACCORDANCE WITH § 5-904 OF THE STATE FINANCE AND PROCUREMENT**
9 **ARTICLE; AND**

10 **4. THE DEPARTMENT OF TRANSPORTATION IN**
11 **ACCORDANCE WITH § 7-101 OF THE TRANSPORTATION ARTICLE;**

12 **[(3)] (VI)** in coordination with State agencies, evaluate and report
13 annually to the Governor and, in accordance with § 2-1246 of this article, to the
14 General Assembly on the implementation of the State's smart growth policy; and

15 **[(4)] (VII)** perform other duties assigned by the Governor.

16 **(2) THE FAILURE OF THE SUBCABINET TO MAKE A**
17 **RECOMMENDATION UNDER PARAGRAPH (1)(V) OF THIS SUBSECTION MAY NOT**
18 **BE CONSTRUED AS PROHIBITING A DEPARTMENT TO ACT IN ACCORDANCE WITH**
19 **THE DEPARTMENT'S AUTHORITY UNDER STATE LAW.**

20 **Article – Transportation**

21 **SUBTITLE 7. SUSTAINABLE COMMUNITIES.**

22 **2-701.**

23 **(A) THE GENERAL ASSEMBLY FINDS THAT THE STATE MUST HAVE**
24 **SUSTAINABLE COMMUNITIES IN ORDER TO:**

25 **(1) PRESERVE AND PROTECT THE STATE'S NATURAL RESOURCES;**
26 **AND**

27 **(2) ACHIEVE THE STATE'S ECONOMIC GROWTH, RESOURCE**
28 **PROTECTION, AND PLANNING POLICY IN § 5-7A-01 OF THE STATE FINANCE**
29 **AND PROCUREMENT ARTICLE.**

1 **(B) THE GENERAL ASSEMBLY FINDS THAT SUSTAINABLE COMMUNITIES**
2 **ARE PLACES WHERE PUBLIC AND PRIVATE INVESTMENTS AND PARTNERSHIPS**
3 **ACHIEVE:**

4 **(1) DEVELOPMENT OF A HEALTHY LOCAL ECONOMY;**

5 **(2) PROTECTION AND APPRECIATION OF HISTORIC AND**
6 **CULTURAL RESOURCES;**

7 **(3) A MIX OF LAND USES;**

8 **(4) AFFORDABLE AND SUSTAINABLE HOUSING AND JOB OPTIONS;**
9 **AND**

10 **(5) GROWTH AND DEVELOPMENT PRACTICES THAT PROTECT THE**
11 **ENVIRONMENT AND CONSERVE AIR, WATER, AND ENERGY RESOURCES,**
12 **ENCOURAGE WALKABILITY AND RECREATIONAL OPPORTUNITIES, AND, WHERE**
13 **AVAILABLE, CREATE ACCESS TO TRANSIT.**

14 **2-702.**

15 **IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE DEPARTMENT**
16 **SHALL:**

17 **(1) CONSIDER SUSTAINABLE COMMUNITIES AS IT CONSIDERS**
18 **ANNUAL REVISIONS UNDER THE CONSOLIDATED TRANSPORTATION PROGRAM**
19 **IN § 2-103.1(B) THROUGH (F) OF THIS TITLE; AND**

20 **(2) TWICE A YEAR CONSULT WITH THE SMART GROWTH**
21 **SUBCABINET ESTABLISHED UNDER § 9-1406 OF THE STATE GOVERNMENT**
22 **ARTICLE ON HOW THE DEPARTMENT MAY WORK COOPERATIVELY TO MAKE**
23 **MUTUAL INVESTMENTS TOWARDS CREATING AND SUPPORTING SUSTAINABLE**
24 **COMMUNITIES ACROSS THE STATE.**

25 **2-703.**

26 **SUBJECT TO THE LIMITATIONS IMPOSED BY THIS SUBTITLE, THE**
27 **DEPARTMENT MAY EXERCISE ALL POWERS REASONABLY NECESSARY TO**
28 **ACHIEVE THE PURPOSES OF THIS SUBTITLE, INCLUDING THE AUTHORITY TO:**

29 **(1) ADOPT REGULATIONS TO IMPLEMENT THE PROVISIONS OF**
30 **THIS SUBTITLE;**

1 **(2) APPLY FOR AND RECEIVE GRANTS, GIFTS, PAYMENTS, LOANS,**
2 **ADVANCES, APPROPRIATIONS, PROPERTY, AND SERVICES FROM THE FEDERAL**
3 **GOVERNMENT AND THE STATE, ANY OF THE AGENCIES OR POLITICAL**
4 **SUBDIVISIONS OF THE FEDERAL GOVERNMENT AND THE STATE, OR OTHER**
5 **PUBLIC OR PRIVATE PERSON; AND**

6 **(3) ENTER INTO AGREEMENTS AND CONTRACT FOR:**

7 **(I) ANY STUDIES, PLANS, DEMONSTRATIONS, OR**
8 **PROJECTS;**

9 **(II) PLANNING, ENGINEERING, AND TECHNICAL SERVICES;**
10 **OR**

11 **(III) ANY PURPOSE NECESSARY FOR OR INCIDENTAL TO THE**
12 **PERFORMANCE OF ITS DUTIES AND THE EXERCISE OF ITS POWERS UNDER THIS**
13 **SUBTITLE.**

14 7–101.

15 (m) “Transit-oriented development” means a mix of private or public parking
16 facilities, commercial and residential structures, and uses, improvements, and
17 facilities customarily appurtenant to such facilities and uses, that:

18 (1) Is part of a deliberate development plan or strategy involving:

19 (i) Property that is adjacent to the passenger boarding and
20 alighting location of a planned or existing transit station; or

21 (ii) Property, any part of which is located within one-half mile
22 of the passenger boarding and alighting location of a planned or existing transit
23 station;

24 (2) Is planned to maximize the use of transit, walking, and bicycling
25 by residents and employees; and

26 (3) Is designated as a transit-oriented development by:

27 (i) The Secretary [in consultation with the secretaries of
28 Business and Economic Development, General Services, Housing and Community
29 Development, the Environment, and Planning], **AFTER CONSIDERING A**
30 **RECOMMENDATION OF THE SMART GROWTH SUBCABINET ESTABLISHED**
31 **UNDER § 9–1406 OF THE STATE GOVERNMENT ARTICLE;** and

1 (ii) The local government or multicounty agency with land use
2 and planning responsibility for the relevant area.

3 **Article – Insurance**

4 6–105.2.

5 A person subject to the tax imposed under this subtitle may claim a credit
6 against the tax for a certified rehabilitation as provided under [§ 5A–303] **TITLE 5,**
7 **SUBTITLE 9** of the State Finance and Procurement Article.

8 **Article – Tax – General**

9 10–704.5.

10 (a) An individual or corporation may claim a credit against the State income
11 tax for a certified rehabilitation as provided under [§ 5A–303] **TITLE 5, SUBTITLE 9**
12 of the State Finance and Procurement Article.

13 (b) An individual or corporation that is not otherwise required to file an
14 income tax return, including a corporation exempt from income tax under § 501(c)(3) of
15 the Internal Revenue Code:

16 (1) may file a return to claim a refund of the credit under this section;
17 and

18 (2) shall file a return if the individual or corporation is subject to the
19 recapture of the credit under this section as provided under [§ 5A–303] **TITLE 5,**
20 **SUBTITLE 9** of the State Finance and Procurement Article.

21 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 5A–303 of the
22 Article – State Finance and Procurement of the Annotated Code of Maryland be
23 repealed and reenacted, with amendments, and transferred to the Session Laws, to
24 read as follows:

25 **[5A–303.] 1.**

26 (a) (1) In this section the following words have the meanings indicated.

27 (2) “Business entity” means:

28 (i) a person conducting or operating a trade or business in the
29 State; or

30 (ii) an organization operating in Maryland that is exempt from
31 taxation under § 501(c)(3) of the Internal Revenue Code.

1 (3) “Certified heritage area” has the meaning stated in § 13–1101 of
2 the Financial Institutions Article.

3 (4) (i) “Certified heritage structure” means a structure that is
4 located in the State and is:

5 1. listed in the National Register of Historic Places;

6 2. designated as a historic property under local law and
7 determined by the Director to be eligible for listing on the National Register of Historic
8 Places;

9 3. A. located in a historic district listed on the
10 National Register of Historic Places or in a local historic district that the Director
11 determines is eligible for listing on the National Register of Historic Places; and

12 B. certified by the Director as contributing to the
13 significance of the district; or

14 4. located in a certified heritage area and certified by the
15 Maryland Heritage Areas Authority as contributing to the significance of the certified
16 heritage area.

17 (ii) “Certified heritage structure” does not include a structure
18 that is owned by the State, a political subdivision of the State, or the federal
19 government.

20 (5) “Certified rehabilitation” means a completed rehabilitation of a
21 certified heritage structure that the Director certifies is a substantial rehabilitation in
22 conformance with the rehabilitation standards of the United States Secretary of the
23 Interior.

24 (6) “Commercial rehabilitation” means a rehabilitation of a structure
25 other than a single–family, owner–occupied residence.

26 (7) “Director” means the Director of the Maryland Historical Trust.

27 (8) “Local historic district” means a district that the governing body of
28 a county or municipal corporation, or the Mayor and City Council of Baltimore, has
29 designated under local law as historic.

30 (9) “National register structure” means a structure that is:

31 (i) listed on the National Register of Historic Places; or

1 (ii) located in a historic district listed on the National Register
2 of Historic Places and certified by the Director as contributing to the significance of
3 the district.

4 (10) “Qualified rehabilitation expenditure” means any amount that:

5 (i) is properly chargeable to a capital account;

6 (ii) is expended in the rehabilitation of a structure that by the
7 end of the calendar year in which the certified rehabilitation is completed is a certified
8 heritage structure;

9 (iii) is expended in compliance with a plan of proposed
10 rehabilitation that has been approved by the Director; and

11 (iv) is not funded, financed, or otherwise reimbursed by any:

12 1. State or local grant;

13 2. grant made from the proceeds of tax-exempt bonds
14 issued by the State, a political subdivision of the State, or an instrumentality of the
15 State or of a political subdivision of the State;

16 3. State tax credit other than the tax credit under this
17 section; or

18 4. other financial assistance from the State or a political
19 subdivision of the State, other than a loan that must be repaid at an interest rate that
20 is greater than the interest rate on general obligation bonds issued by the State at the
21 most recent bond sale prior to the time the loan is made.

22 (11) “Substantial rehabilitation” means rehabilitation of a structure for
23 which the qualified rehabilitation expenditures, during the 24-month period selected
24 by the individual or business entity ending with or within the taxable year, exceed:

25 (i) for owner-occupied residential property, \$5,000; or

26 (ii) for all other property, the greater of:

27 1. the adjusted basis of the structure; or

28 2. \$5,000.

29 (b) (1) The Director shall adopt regulations to:

30 (i) establish procedures and standards for certifying heritage
31 structures and rehabilitations under this section;

1 (ii) for commercial rehabilitations, establish an application
2 process for the award of initial credit certificates for Maryland heritage structure
3 rehabilitation tax credits consistent with the requirements of this subsection;

4 (iii) for commercial rehabilitations, establish criteria, consistent
5 with the requirements of this subsection, for evaluating, comparing, and rating plans
6 of proposed rehabilitation that have been determined by the Director to conform with
7 the rehabilitation standards of the United States Secretary of the Interior; and

8 (iv) for commercial rehabilitations, establish a competitive
9 award process for the award of initial credit certificates for Maryland heritage
10 structure rehabilitation tax credits that:

11 1. favors the award of tax credits for rehabilitation
12 projects located in jurisdictions that have been historically underrepresented in the
13 award of tax credits for commercial rehabilitations, based on the number of national
14 register structures in each jurisdiction;

15 2. favors the award of tax credits for rehabilitation
16 projects that are consistent with and promote current growth and development policies
17 and programs of the State; and

18 3. A. favors the award of tax credits for structures
19 that are listed in the National Register of Historic Places or are designated as historic
20 properties under local law and determined by the Director to be eligible for listing in
21 the National Register of Historic Places; or

22 B. favors the award of tax credits for structures that are
23 contributing buildings with historic significance and are located in historic districts
24 listed in the National Register of Historic Places.

25 (2) The Director may not certify that a rehabilitation is a certified
26 rehabilitation eligible for a tax credit provided under this section unless the individual
27 or business entity seeking certification states under oath the amount of the
28 individual's or business entity's qualified rehabilitation expenditures.

29 (3) Each year, the Director may accept applications for approval of
30 plans of proposed commercial rehabilitations and for the award of initial credit
31 certificates for the fiscal year that begins July 1 of that year.

32 (4) For commercial rehabilitations, the Director may not accept an
33 application for approval of plans of proposed rehabilitation if:

34 (i) any substantial part of the proposed rehabilitation work has
35 begun; or

1 (ii) the applicant for a commercial rehabilitation has previously
2 submitted three or more applications for commercial rehabilitations with total
3 proposed rehabilitations exceeding \$500,000 in that year.

4 (5) Except as provided in subsection (d)(3)(iii) of this section, not more
5 than 75% of the total credit amounts under initial credit certificates issued for any
6 fiscal year may be issued for projects in a single county or Baltimore City.

7 (6) (i) The Director shall adopt regulations to charge a reasonable
8 fee to certify heritage structures and rehabilitations under this section.

9 (ii) The Director shall set the level of the fee so that the
10 projected proceeds from the fee will cover the costs to the Trust of administering the
11 credit under this section and the federal historic tax credit.

12 (iii) The fee charged may not exceed 1% of the amount of the
13 initial credit certificate issued for a commercial rehabilitation project or the amount of
14 the credit for which a single-family, owner-occupied rehabilitation would be eligible
15 based on the greater of the estimated or final qualified rehabilitation expenditures for
16 the rehabilitation.

17 (iv) The proceeds from the fee shall be deposited in a special
18 fund, to be used only for the purposes of paying the costs of administering the credit
19 under this section and the federal historic tax credit.

20 (v) Any unused balance of the fund at the end of each fiscal year
21 shall be transferred to the Reserve Fund established under subsection (d) of this
22 section and shall increase the amount of the initial credit certificates that the Trust
23 may issue for the following fiscal year.

24 (c) (1) Except as otherwise provided in this section, for the taxable year in
25 which a certified rehabilitation is completed, an individual or business entity may
26 claim a tax credit in an amount equal to 20% of the individual's or business entity's
27 qualified rehabilitation expenditures for the rehabilitation.

28 (2) (i) For any commercial rehabilitation, the State tax credit
29 allowed under this section may not exceed the lesser of:

30 1. \$3,000,000; or

31 2. the maximum amount specified under the initial
32 credit certificate issued for the rehabilitation.

33 (ii) For a rehabilitation other than a commercial rehabilitation,
34 the State tax credit allowed under this section may not exceed \$50,000.

1 (iii) For the purposes of the limitation under subparagraph (i) of
2 this paragraph, the following shall be treated as a single commercial rehabilitation:

3 1. the phased rehabilitation of the same structure or
4 property;

5 2. the separate rehabilitation of different components of
6 the same structure or property; or

7 3. the rehabilitation of multiple structures that are
8 functionally related to serve an overall purpose.

9 (3) (i) Subject to subparagraph (ii) of this paragraph, the initial
10 credit certificate for a proposed commercial rehabilitation shall expire and the credit
11 under this section may not be claimed if the commercial rehabilitation is not
12 completed within 30 months after the initial credit certificate was issued.

13 (ii) For reasonable cause, the Director may postpone the
14 expiration date for an initial credit certificate for a commercial rehabilitation.

15 (4) If the tax credit allowed under this section in any taxable year
16 exceeds the total tax otherwise payable by the business entity or the individual for
17 that taxable year, the individual or business entity may claim a refund in the amount
18 of the excess.

19 (d) (1) In this subsection, "Reserve Fund" means the Heritage Structure
20 Rehabilitation Tax Credit Reserve Fund established under paragraph (2) of this
21 subsection.

22 (2) (i) There is a Heritage Structure Rehabilitation Tax Credit
23 Reserve Fund that is a continuing, nonlapsing special fund that is not subject to §
24 7-302 of [this article] **THE STATE FINANCE AND PROCUREMENT ARTICLE**.

25 (ii) The money in the Fund shall be invested and reinvested by
26 the Treasurer, and interest and earnings shall be credited to the General Fund.

27 (3) (i) Subject to the provisions of this subsection, the Director
28 shall issue an initial credit certificate for each commercial rehabilitation for which a
29 plan of proposed rehabilitation is approved.

30 (ii) An initial credit certificate issued under this subsection
31 shall state the maximum amount of credit under this section for which the commercial
32 rehabilitation may qualify.

33 (iii) 1. Except as otherwise provided in this subparagraph
34 and in subsection (b)(6)(v) of this section, for any fiscal year, the Director may not
35 issue initial credit certificates for credit amounts in the aggregate totaling more than

1 the amount appropriated to the Reserve Fund for that fiscal year in the State budget
2 as approved by the General Assembly.

3 2. If the aggregate credit amounts under initial credit
4 certificates issued in a fiscal year total less than the amount appropriated to the
5 Reserve Fund for that fiscal year as a result of the limitation under subsection (b)(5) of
6 this section, any excess amount may be issued under initial credit certificates for
7 projects in a county or Baltimore City in the same fiscal year, without regard to the
8 limitation under subsection (b)(5) of this section.

9 3. Subject to subparagraph 2 of this subparagraph, if
10 the aggregate credit amounts under initial credit certificates issued in a fiscal year
11 total less than the amount appropriated to the Reserve Fund for that fiscal year, any
12 excess amount shall remain in the Reserve Fund and may be issued under initial
13 credit certificates for the next fiscal year.

14 4. For any fiscal year, if funds are transferred from the
15 Reserve Fund under the authority of any provision of law other than paragraph (4) of
16 this subsection, the maximum credit amounts in the aggregate for which the Director
17 may issue initial credit certificates shall be reduced by the amount transferred.

18 (iv) For each of fiscal years 2009 and 2010, the Governor shall
19 include in the budget bill an appropriation to the Reserve Fund.

20 (v) Notwithstanding the provisions of § 7-213 of [this article]
21 **THE STATE FINANCE AND PROCUREMENT ARTICLE**, the Governor may not reduce
22 an appropriation to the Reserve Fund in the State budget as approved by the General
23 Assembly.

24 (vi) The Director may not issue an initial credit certificate for
25 any fiscal year after fiscal year 2010.

26 (4) (i) Except as provided in this paragraph, money appropriated to
27 the Reserve Fund shall remain in the Fund.

28 (ii) 1. Within 15 days after the end of each calendar quarter,
29 the Trust shall notify the Comptroller as to each commercial rehabilitation completed
30 and certified during the quarter:

31 A. the maximum credit amount stated in the initial
32 credit certificate for the project; and

33 B. the final certified credit amount for the project.

34 2. On notification that a project has been certified, the
35 Comptroller shall transfer an amount equal to the maximum credit amount stated in
36 the initial credit certificate for the project from the Reserve Fund to the General Fund.

1 (iii) 1. On or before October 1 of each year, the Trust shall
2 notify the Comptroller as to the maximum credit amount stated in the initial credit
3 certificate for each commercial rehabilitation for which the initial credit certificate has
4 expired under subsection (c)(3) of this section as of the end of the prior fiscal year.

5 2. On notification that the initial credit certificate for a
6 project has expired under subsection (c)(3) of this section, the Comptroller shall
7 transfer an amount equal to the maximum credit amount stated in the initial credit
8 certificate for the project from the Reserve Fund to the General Fund.

9 (e) (1) In this subsection, “disqualifying work” means work that:

10 (i) is performed on a certified heritage structure for which a
11 rehabilitation has been certified under this section; and

12 (ii) if performed as part of the rehabilitation certified under this
13 section, would have made the rehabilitation ineligible for certification.

14 (2) The credit allowed under this section shall be recaptured as
15 provided in paragraph (3) of this subsection if, during the taxable year in which a
16 certified rehabilitation is completed or any of the 4 taxable years succeeding the
17 taxable year in which the certified rehabilitation is completed, any disqualifying work
18 is performed on the certified heritage structure for which the certified rehabilitation
19 has been completed.

20 (3) (i) 1. If the disqualifying work is performed during the
21 taxable year in which the certified rehabilitation was completed, 100% of the credit
22 shall be recaptured.

23 2. If the disqualifying work is performed during the first
24 full year succeeding the taxable year in which the certified rehabilitation was
25 completed, 80% of the credit shall be recaptured.

26 3. If the disqualifying work is performed during the
27 second full year succeeding the taxable year in which the certified rehabilitation was
28 completed, 60% of the credit shall be recaptured.

29 4. If the disqualifying work is performed during the
30 third full year succeeding the taxable year in which the certified rehabilitation was
31 completed, 40% of the credit shall be recaptured.

32 5. If the disqualifying work is performed during the
33 fourth full year succeeding the taxable year in which the certified rehabilitation was
34 completed, 20% of the credit shall be recaptured.

1 (ii) The individual or business entity that claimed the tax credit
2 shall pay the amount to be recaptured as determined under subparagraph (i) of this
3 paragraph as taxes payable to the State for the taxable year in which the disqualifying
4 work is performed.

5 (f) (1) The Comptroller may determine, under the process for return
6 examination and audit under §§ 13-301 and 13-302 of the Tax – General Article:

7 (i) the amount of rehabilitation expenditures used in
8 calculating the credit;

9 (ii) whether such expenditures are qualified rehabilitation
10 expenditures under this section; and

11 (iii) whether the credit is allowable as claimed.

12 (2) The authority of the Comptroller to examine and audit a tax return
13 does not limit the authority of the Director to determine whether a rehabilitation
14 qualifies as a certified rehabilitation or whether a certificate of certified rehabilitation
15 has been properly issued.

16 (3) The Comptroller may adopt regulations to require that an entity
17 other than a corporation claim the tax credit on the tax return filed by that entity.

18 (4) (i) Except as otherwise provided in this paragraph, the credit
19 under this section may be claimed for the year a certified rehabilitation is completed,
20 only if the Director has, by the time the return is filed, issued a certificate of
21 completion for the certified rehabilitation.

22 (ii) A taxpayer claiming the credit may amend a return for the
23 year the certified rehabilitation was completed to account for a certificate issued
24 subsequent to the filing of the original return.

25 (iii) An amended return shall be filed within the period allowed
26 under the Tax – General Article for filing refund claims.

27 (iv) The provisions of this paragraph do not extend the period in
28 which a certified rehabilitation must be completed to be eligible for a tax credit under
29 this section.

30 (v) An amended return may account for an amended
31 certification issued by the Director for a certified rehabilitation.

32 (g) A refund payable under subsection (c) of this section:

1 (1) operates to reduce the income tax revenue from corporations if the
2 person entitled to the refund is a corporation subject to the income tax under Title 10
3 of the Tax – General Article;

4 (2) operates to reduce insurance premium tax revenues if the person
5 entitled to the refund is subject to taxation under Title 6 of the Insurance Article; and

6 (3) operates to reduce the income tax revenue from individuals if the
7 person entitled to the refund is:

8 (i) an individual subject to the income tax under Title 10 of the
9 Tax – General Article; or

10 (ii) an organization exempt from taxation under § 501(c)(3) of
11 the Internal Revenue Code.

12 (h) (1) On or before December 15 of each fiscal year, the Director shall
13 report to the Governor and, subject to § 2–1246 of the State Government Article, to the
14 General Assembly, on:

15 (i) the initial credit certificates awarded for commercial
16 rehabilitations under this section for that fiscal year; and

17 (ii) the tax credits awarded for certified rehabilitations
18 completed in the preceding fiscal year.

19 (2) The report required under paragraph (1) of this subsection shall
20 include for each initial credit certificate awarded for the fiscal year for a commercial
21 rehabilitation:

22 (i) the name of the owner or developer of the commercial
23 rehabilitation;

24 (ii) the name and address of the proposed or certified
25 rehabilitation and the county where the project is located;

26 (iii) the dates of receipt and approval by the Director of all
27 applications regarding the project, including applications:

28 1. for certification that a structure or property will
29 qualify as a certified heritage structure; and

30 2. for approval of the proposed rehabilitation; and

31 (iv) the maximum amount of the credit stated in the initial
32 credit certificate for the project and the estimated rehabilitation expenditures stated
33 in the application for approval of the plan of proposed rehabilitation.

1 (3) The report required under paragraph (1) of this subsection shall
2 include for each certified commercial rehabilitation completed during the preceding
3 fiscal year:

4 (i) the name of the owner or developer of the commercial
5 rehabilitation;

6 (ii) the name and address of the certified rehabilitation and the
7 county where the project is located;

8 (iii) the dates of receipt and approval by the Director of all
9 applications regarding the project; and

10 (iv) 1. the maximum amount of the credit stated in the
11 initial credit certificate for the project and the estimated rehabilitation expenditures
12 stated in the application for approval of the plan of proposed rehabilitation; and

13 2. the actual qualified rehabilitation expenditures and
14 the final amount of the credit for which the project qualified.

15 (4) The report required under paragraph (1) of this subsection shall
16 summarize for each category of certified rehabilitations:

17 (i) the total number of applicants for:

18 1. certification that a structure or property will qualify
19 as a certified heritage structure;

20 2. approval of plans of proposed rehabilitations; or

21 3. certification of the completed rehabilitations;

22 (ii) the number of proposed projects for which plans of proposed
23 rehabilitation were approved; and

24 (iii) the total estimated rehabilitation expenditures stated in
25 approved applications for approval of plans of proposed rehabilitation and the total
26 qualified rehabilitation expenditures for completed rehabilitations certified.

27 (5) The information required under paragraph (4) of this subsection
28 shall be provided in the aggregate and separately for each of the following categories of
29 certified rehabilitations:

30 (i) owner-occupied single family residential structures; and

31 (ii) commercial rehabilitations.

1 (i) (1) Subject to the provisions of this subsection, the provisions of this
2 section and the tax credit authorized under this section shall terminate as of July 1,
3 2010.

4 (2) On and after July 1, 2010:

5 (i) the tax credit authorized under this section may be claimed
6 for:

7 1. a rehabilitation project, other than a commercial
8 rehabilitation, for which an application for approval of a plan of proposed
9 rehabilitation was received by the Director on or before June 30, 2010; or

10 2. a commercial rehabilitation for which an initial credit
11 certificate has been awarded under subsection (d) of this section; and

12 (ii) the Director shall continue to report to the Governor and the
13 General Assembly as required under subsection (h) of this section for as long as any
14 rehabilitation project for which the tax credit may be claimed remains incomplete.

15 **(J) THE STATE CREDIT ALLOWED UNDER THIS SECTION MAY BE**
16 **ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF AN**
17 **ENTITY IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING.**

18 SECTION 3. AND BE IT FURTHER ENACTED, That:

19 (a) Title 5, Subtitle 9 of the State Finance and Procurement Article, as
20 enacted by Section 1 of this Act, shall be applicable to:

21 (1) Any project for rehabilitation of a single-family, owner-occupied
22 residence for which an application for approval of a plan of proposed rehabilitation is
23 received by the Director of the Maryland Historical Trust on or after July 1, 2010; and

24 (2) Any commercial rehabilitation project for which an application of a
25 plan of proposed rehabilitation is approved by the Director of the Maryland Historical
26 Trust on or after July 1, 2010.

27 (b) Former § 5A-303 of the State Finance and Procurement Article, as
28 amended and transferred to the Session Laws by Section 2 of this Act, shall continue
29 to be applicable to:

30 (1) Any project for rehabilitation of a single-family, owner-occupied
31 residence for which an application for approval of a plan of proposed rehabilitation is
32 received by the Director of the Maryland Historical Trust on or before June 30, 2010;
33 and

1 (2) Any commercial rehabilitation project for which an application of
2 a plan of proposed rehabilitation is approved by the Director of the Maryland
3 Historical Trust on or before June 30, 2010.

4 SECTION 4. AND BE IT FURTHER ENACTED, That any unencumbered funds
5 in the Heritage Structure Rehabilitation Tax Credit Reserve Fund established under
6 former § 5A-303 of the State Finance and Procurement Article, as amended and
7 transferred to the Session Laws by Section 2 of this Act, shall revert to the General
8 Fund on June 30, 2014.

9 SECTION 5. AND BE IT FURTHER ENACTED, That subsection (j) of Section 2
10 of this Act shall be construed to apply retroactively and shall be applied to and
11 interpreted to affect any commercial rehabilitation project for which an application of
12 a plan of proposed rehabilitation is approved by the Director of the Maryland
13 Historical Trust on or after January 1, 2005.

14 SECTION 6. AND BE IT FURTHER ENACTED, That any community legacy
15 area and community legacy plan approved by the Community Legacy Board prior to
16 the effective date of this Act shall be considered a sustainable community and a
17 sustainable plan for 18 months after the effective date of this Act.

18 SECTION 7. AND BE IT FURTHER ENACTED, That within 18 months after
19 the effective date of this Act, a sponsor shall submit an updated application and plan
20 to the Secretary to redesignate any community legacy area and community legacy plan
21 to a sustainable community and sustainable community plan in accordance with §
22 6-205 of the Housing and Community Development Article for projects to be eligible
23 for financial assistance under §§ 6-205 and 6-207 of the Housing and Community
24 Development Article, as enacted by Section 1 of this Act.

25 SECTION 8. AND BE IT FURTHER ENACTED, That any designated
26 neighborhood approved by the Secretary of Housing and Community Development
27 prior to the effective date of this Act shall be considered a sustainable community for
28 18 months after the effective date of this Act.

29 SECTION 9. AND BE IT FURTHER ENACTED, That within 18 months after
30 the effective date of this Act, a sponsor shall file an application to redesignate any
31 approved designated neighborhood as a sustainable community under §§ 6-205 and
32 6-206 of the Housing and Community Development Article for projects to be eligible
33 for financial assistance under § 6-306(b) of the Housing and Community Development
34 Article, as enacted by Section 1 of this Act.

35 SECTION 10. AND BE IT FURTHER ENACTED, That this Act shall take
36 effect October 1, 2010.